Investor Presentation

Second Quarter 2018

Scotiabank®

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document, the Management's Discussion and Analysis in the Bank's 2017 Annual Report under the headings "Outlook" and in other statements regarding the Bank's objectives, strategies to achieve those objectives, the regulatory environment in which the Bank operates, anticipated financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, U.S. and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "may," "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity and funding; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes to, and interpretations of tax laws and risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; changes to the Bank's credit ratings; operational (including technology) and infrastructure risks; reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; critical accounting estimates and the effects of changes in accounting policies and methods used by the Bank as described in the Bank's annual financial statements (See "Controls and Accounting Policies – Critical accounting estimates" in the Bank's 2017 Annual Report) and updated by quarterly reports; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; increasing cyber security risks which may include theft of assets, unauthorized access to sensitive information or operational disruption; anti-money laundering; consolidation in the financial services sector in Canada and globally; competition, both from new entrants and established competitors; judicial and regulatory proceedings; natural disasters, including, but not limited to, earthquakes and hurricanes, and disruptions to public infrastructure, such as transportation, communication, power or water supply; the possible impact of international conflicts and other developments, including terrorist activities and war; the effects of disease or illness on local, national or international economies; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the "Risk Management" section of the Bank's 2017 Annual Report.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2017 Annual Report under the headings "Outlook", as updated by quarterly reports. The "Outlook" sections are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections. The preceding list of factors is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The forward-looking statements contained in this document are presented for the purpose of assisting the holders of the Bank's securities and financial analysts in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

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Scotiabank Overview

CANADA'S INTERNATIONAL BANK

High quality and well-balanced business operating within a clearly defined global footprint

History

Established on East Coast of Canada in 1832 ▶ In U.S. and Caribbean 125+ years ▶ Representative offices in Asia and Latin America since 1960s ▶ Began expanding Caribbean presence into Central and South America in 1990s.

Strong presence in attractive markets

Currently the largest bank in the Caribbean region. Focused on the Pacific Alliance countries of Mexico, Peru, Chile and Colombia

Q2 2018	Scotiabank
Net Income	$2.2B
ROE	14.9%
Productivity Ratio	52.8%
CET1 Risk Weighted Assets	$376B
CET 1 Capital Ratio[1]	12.0%
Total Assets	$926B
Market Capitalization	$95B
# of Employees	>89,000

Scotiabank credit ratings[2]

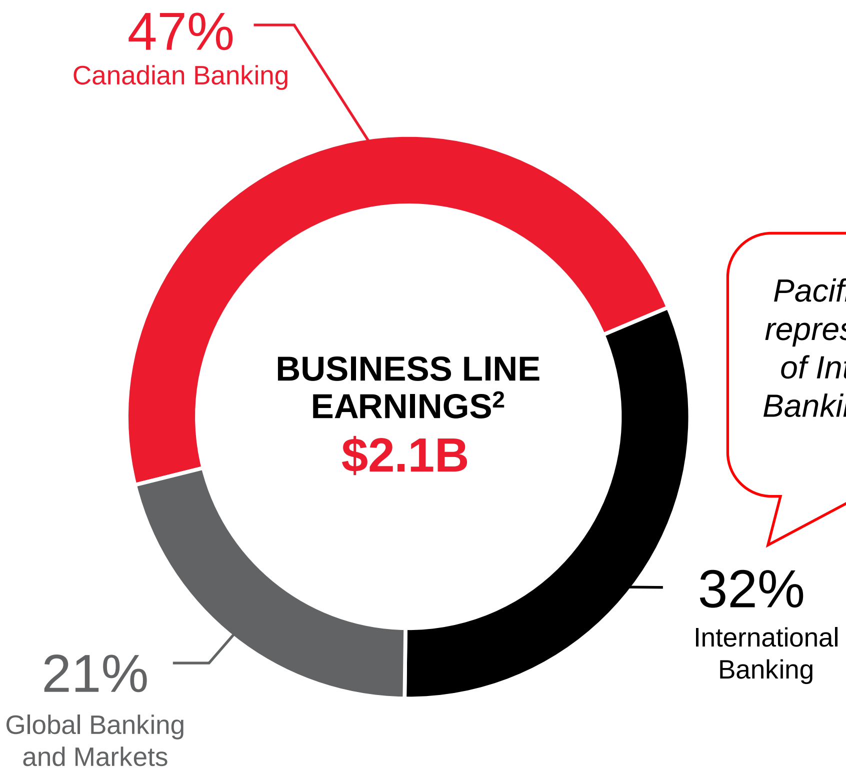
	Moody's	S&P	Fitch	DBRS
Senior Rating	A1	A+	AA-	AA
Outlook	Negative	Stable	Stable	Stable
Covered Bonds	Aaa	Not Rated	AAA	AAA

1 Basel III "all-in" basis

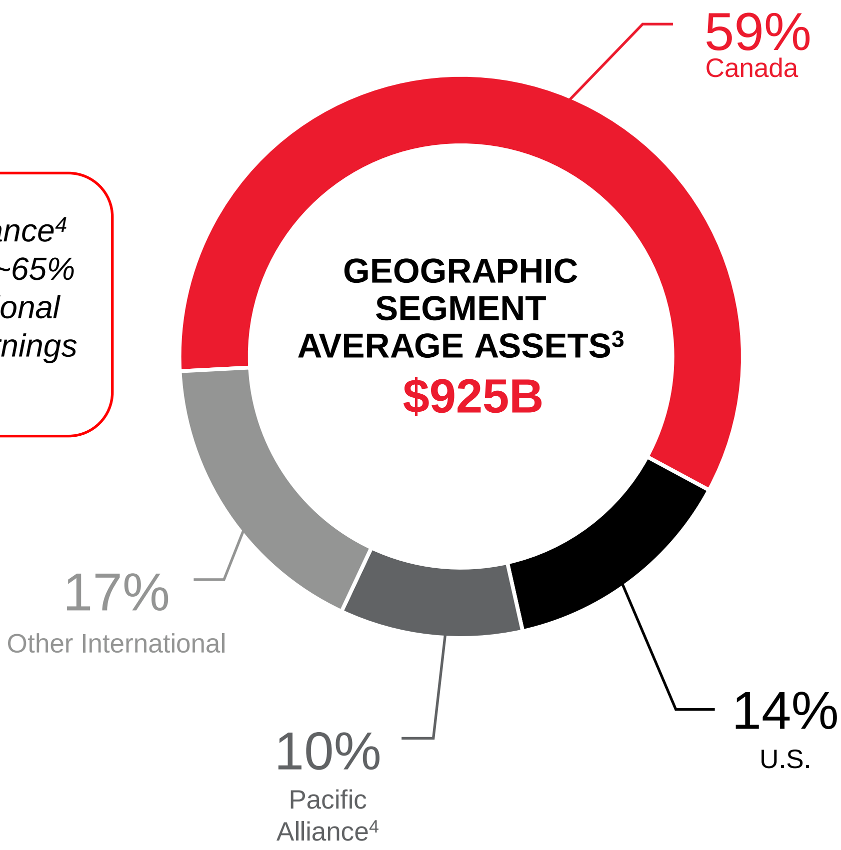
2 A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revisions or withdrawals at any time

WELL DIVERSIFIED AND PROFITABLE BUSINESSES[1]

Diversified by products, customers and geographies, creating stability and lowering risk



Pacific Alliance[4] represents ~65% of International Banking earnings

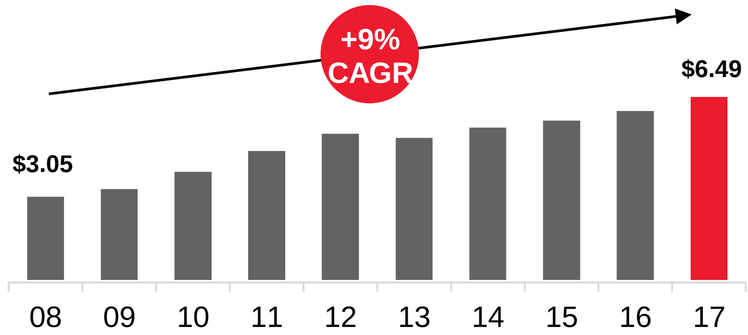


[1] Excludes Other segment and Corporate adjustments
[2] Three months ended April 30, 2018
[3] Quarter ended April 30, 2018
[4] Pacific Alliance includes Mexico, Peru, Chile and Colombia

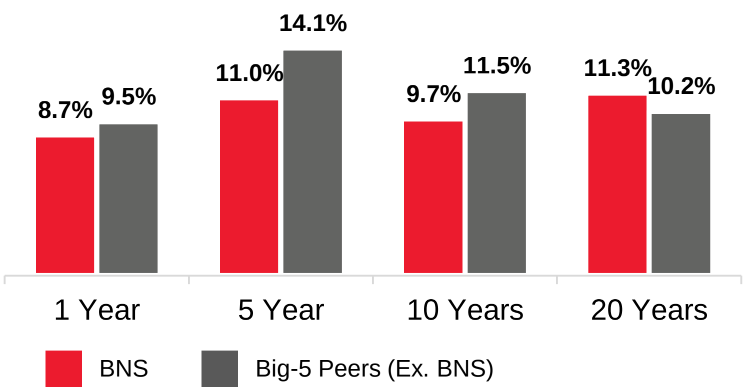
TRACK RECORD OF EARNINGS & DIVIDEND GROWTH

Stable and predictable earnings with steady increases in dividends

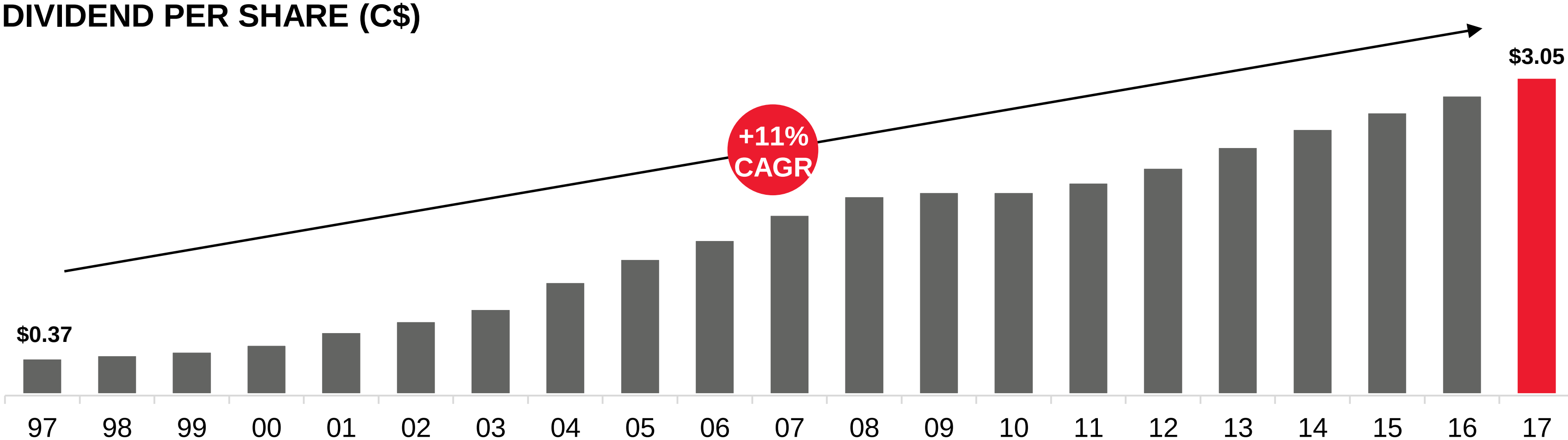
EARNINGS PER SHARE (C$)[1,2]



TOTAL SHAREHOLDER RETURN[3]



DIVIDEND PER SHARE (C$)



[1] Reflects adoption of IFRS in Fiscal 2011
[2] Excludes notable items
[3] As of April 30, 2018

WHY INVEST IN SCOTIABANK?

Attractive untapped potential across our businesses and geographies, while supported by strong Canadian risk culture

DIVERSIFIED BY BUSINESS AND GEOGRAPHY PROVIDING SUSTAINABLE AND GROWING EARNINGS

- ~80% of earnings from high quality and stable retail, commercial and wealth management businesses
- Attractive growth opportunities across all of our businesses
- Announced recent acquisitions that strengthen our business

STRENGTHENING THE CORE WITH CAPABILITIES TO PLAY OFFENSE AND DEFENSE

- Strong Canadian risk culture and industry leading capital levels
- Attractive dividend yield and consistent record of dividend increases
- Leveraging traditional and non-traditional data
- Building stronger capabilities for AML and reputational risk

UNIQUE AND ATTRACTIVE BUSINESS IN THE KEY PACIFIC ALLIANCE MARKETS

- Focused on growing the Bank's key markets of Mexico, Peru, Chile and Colombia, with a population of roughly 230 million
- Average age of 29, growing middle class and large portion of the young population is underbanked
- Higher GDP growth forecast compared to Canada and the U.S.

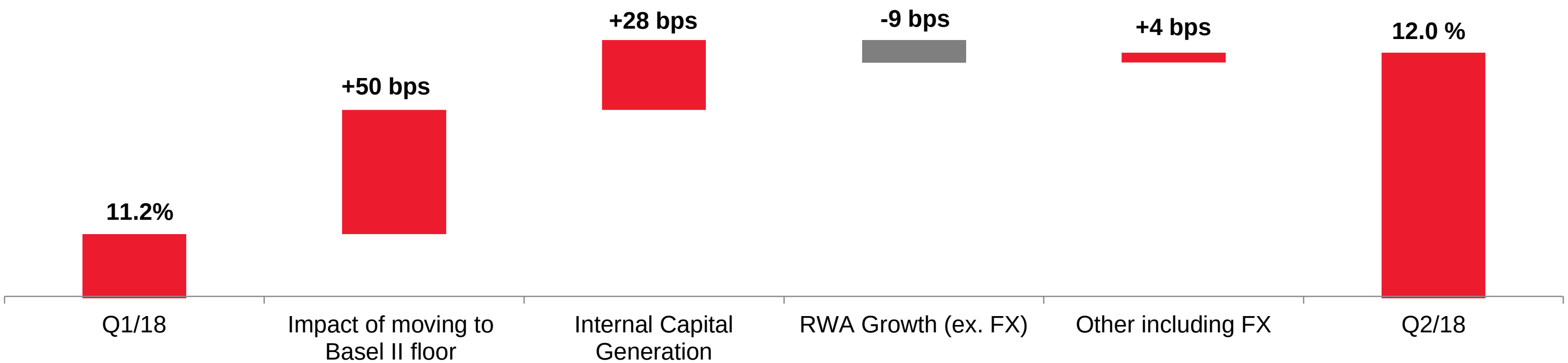
CLEAR DIGITAL STRATEGY LEVERAGED ACROSS OUR FIVE KEY MARKETS TO IMPROVE CUSTOMER EXPERIENCE AND PRODUCTIVITY

- Aligned and integrated Digital Banking Network with digital factories in Canada, Mexico, Peru, Chile and Colombia
- Driver of internal innovation and our clear digital targets
- Attracting new talent and leadership on a global basis

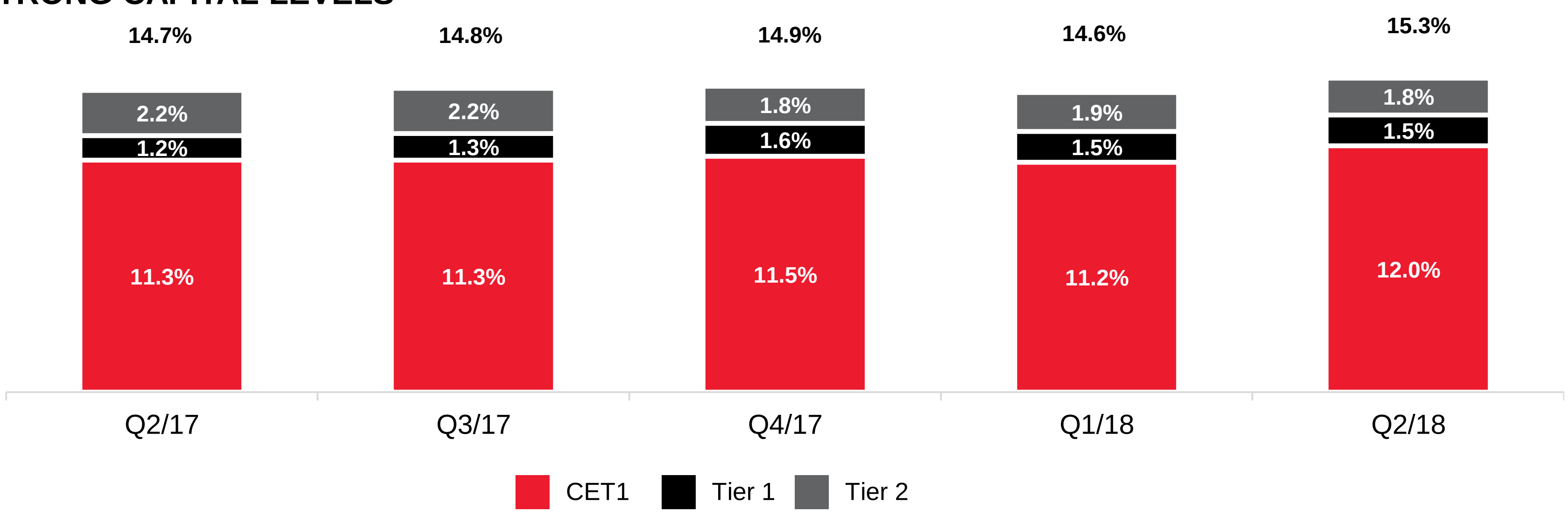
STRONG CAPITAL GENERATION AND POSITION

Capital levels are significantly higher than the minimum regulatory requirements

CET1 RATIO

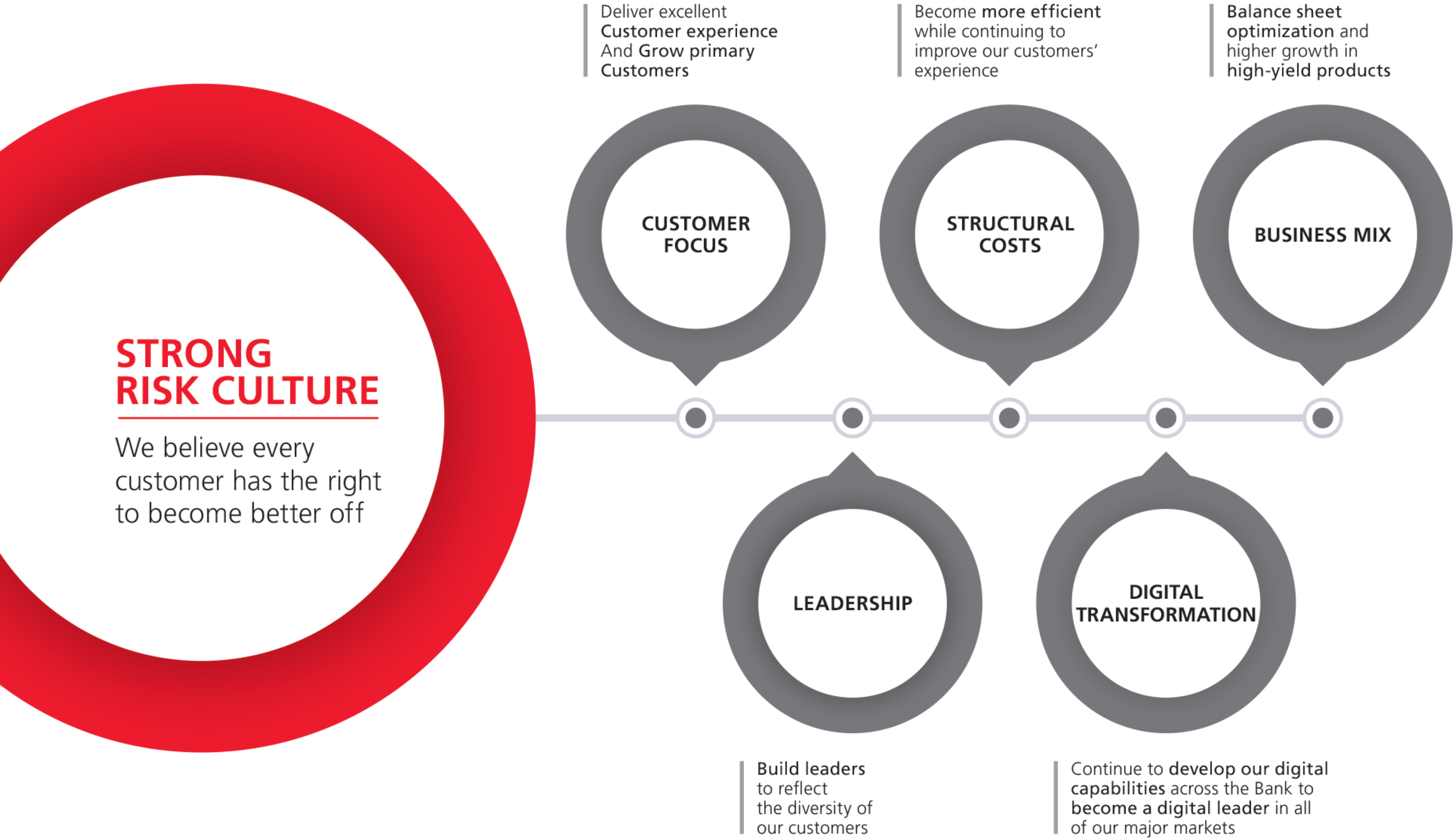


STRONG CAPITAL LEVELS



KEY STRATEGIC PRIORITIES

Clear and established strategic agenda to deliver value to shareholders

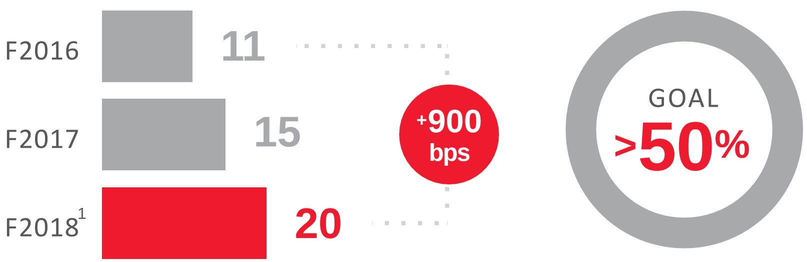


DIGITAL TRANSFORMATION STRATEGY & PROCESS

Digital is an enabler of the all-bank strategy and will improve our productivity ratio

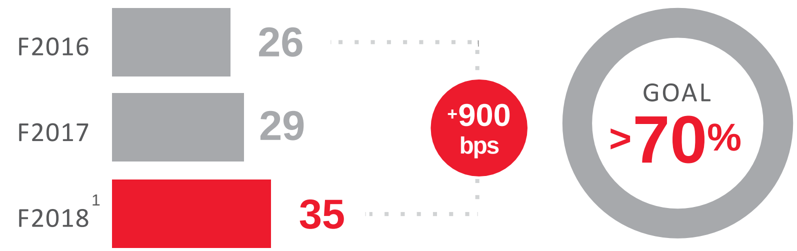
DIGITAL RETAIL SALES

%



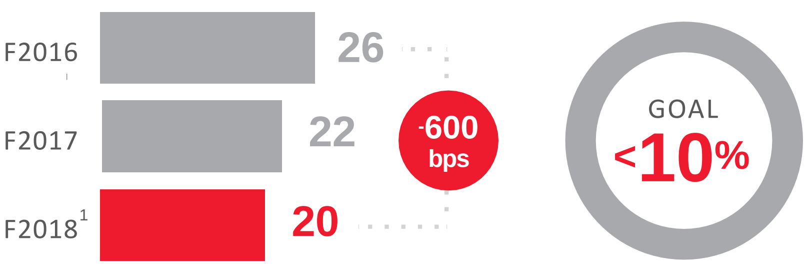
DIGITAL ADOPTION

%



IN-BRANCH FINANCIAL TRANSACTIONS

%



CUSTOMER EXPERIENCE

ON TRACK TO IMPROVE ALL-BANK PRODUCTIVITY RATIO TO <50%

[1]Forecast for Fiscal Year 2018

MEDIUM-TERM FINANCIAL OBJECTIVES

Achievable objectives driven by strong operations across our footprint

METRIC	OBJECTIVES	2018 YTD RESULTS (YTD/YTD)
ALL BANK		
EPS Growth	7%+	12%
ROE	14%+	15.5%
Operating Leverage	Positive	3.3%[1]
Capital	Strong Levels	12.0%
OTHER FINANCIAL OBJECTIVES		
Dividend Payout Ratio	40-50%	45.0%
CANADIAN BANKING		
Net Income Growth	7%+	9%
Productivity Ratio	<49%	49.7%
INTERNATIONAL BANKING		
Net Income Growth[2]	9%+	15%
Productivity Ratio	<51%	52.9%

[1] Excludes the employee benefits re-measurement credit of $150 million after-tax ($203 million pre-tax) and $0.12 per share reported in Q1/18
[2] On a constant dollar basis

INVESTOR DAY SUMMARY

A lot of heavy lifting completed and focused on key areas going forward

Customer Focus

Deeper customer relationships, focusing on growing primary customers, and NPS and improving the customer experience

Strengthen the Core

Playing "offense" (investing in data and analytics) and "defense" (protecting our reputation, investing in AML and cyber security)

Digital

Solid progress on smart automation and AI while focusing on killer basics

Structural Cost Transformation

One year ahead of plan and will support productivity gains

Growth Levers

Untapped potential across our business and better leveraging our scale and footprint

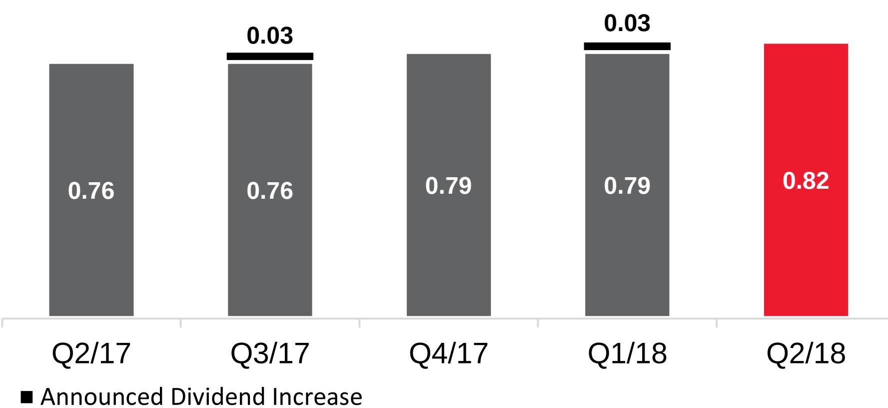
Business Line and Financial Overview

Q2 2018 FINANCIAL PERFORMANCE

Strong results with solid top line growth and expense management

$MM, except EPS	Q2/18	Y/Y	Q/Q
Net Income	$2,177	+6%	(7%)
Diluted EPS	$1.70	+5%	(9%)
Revenue	$7,058	+7%	-
Expenses	$3,726	+3%	+7%
Productivity Ratio	52.8%	(190bps)	+350bps
Core Banking Margin	2.47%	(7bps)	+1bp
PCL Ratio[1, 2]	42bps	(7bps)	-
PCL Ratio on Impaired Loans[1, 2]	46bps	(3bps)	+3bps

DIVIDENDS PER COMMON SHARE



YEAR-OVER-YEAR HIGHLIGHTS

- **Diluted EPS grew 5%**
- **Revenue up 7%**
  - Net interest income up 6% from strong volume growth partially offset by lower margins
  - Non interest income up 9% due to higher equities trading and income from investments in associated corporations
  - Lower real estate gains offset by Alignment of reporting period[3]
- **Expenses up 3%**
  - Higher salaries and employee related costs, continued investments in technology and marketing
  - Cost reduction initiatives and HollisWealth sale
  - Strong positive operating leverage
- **PCL ratio[1, 2] on impaired loans improved by 3 bps to 46 bps**
- **Effective tax rate increased to 22.2% from 13.9%**
  - Higher amounts of tax-exempt dividends related to client driven equity trading activity last year

[1] 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
[2] Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
[3] Alignment of reporting period relates to the benefit of recognizing an additional month of income from the alignment of reporting periods of Chile and Canadian insurance business with the bank

CANADIAN BANKING OVERVIEW

A leader in personal & commercial banking, wealth and insurance in Canada

BUSINESS OVERVIEW

- Full suite of financial advice and banking solutions to retail, small business and commercial customers
- Investment, pension and insurance advice and solutions

2018 PRIORITIES

- **Customer focus:** Deliver a leading customer experience and deepen relationships with customers across our businesses and channels
- **Structural cost transformation:** Reduce structural costs to build the capacity to invest in our businesses and technology to drive shareholder return
- **Digital transformation:** Leverage digital as the foundation of all our activities to improve our operations, enhance the client experience and drive digital sales
- **Business mix alignment:** Optimize our business mix by growing higher margin assets, building core deposits and earning higher fee income
- **Leadership:** Grow and diversify talent and engage employees through a performance-focused culture

STRATEGIC OUTLOOK

- **Solid Loan Growth:** Expect solid loan growth across retail mortgages, auto lending, commercial loans, credit cards and deposits
- **Margins:** Stable to slightly increasing margins
- **Provisions for Credit Losses (PCL):** Higher PCLs driven by change in business mix, but risk adjusted margin should remain stable
- **Productivity:** Improving productivity will continue to be an area of focus
- **Strategic Priorities:** Deepen primary relationships and strengthen customer experience, optimize business mix, focus on cost initiatives and drive digital transformation

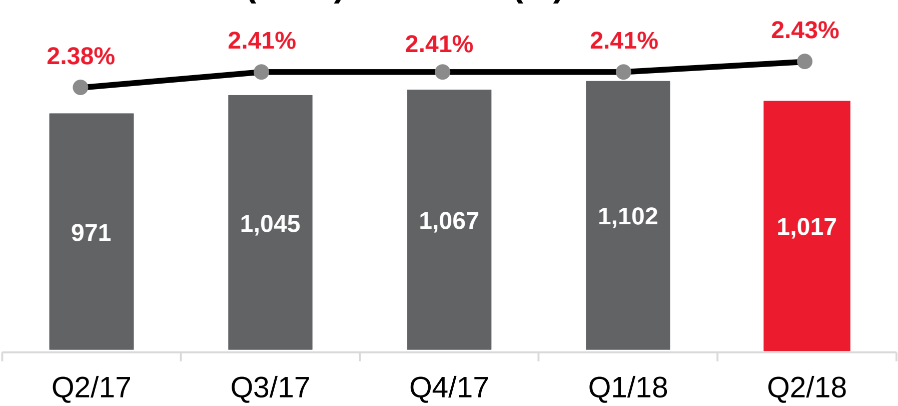
CANADIAN BANKING

Strong loan growth, margin expansion and improved credit performance

FINANCIAL PERFORMANCE AND METRICS ($MM)[1]

	Q2/18	Y/Y	Q/Q
Revenue	$3,231	+3%	(2%)
Expenses	$1,641	+3%	+2%
PCLs	$205	(13%)	(2%)
Net Income	$1,017	+5%	(8%)
Productivity Ratio	50.8%	(10bps)	+220bps
Net Interest Margin	2.43%	+5bps	+2bps
PCL Ratio[2, 3]	0.25%	(6bps)	-
PCL Ratio on Impaired Loans[2, 3]	0.25%	(6bps)	(2bps)

NET INCOME[1] ($MM) AND NIM (%)



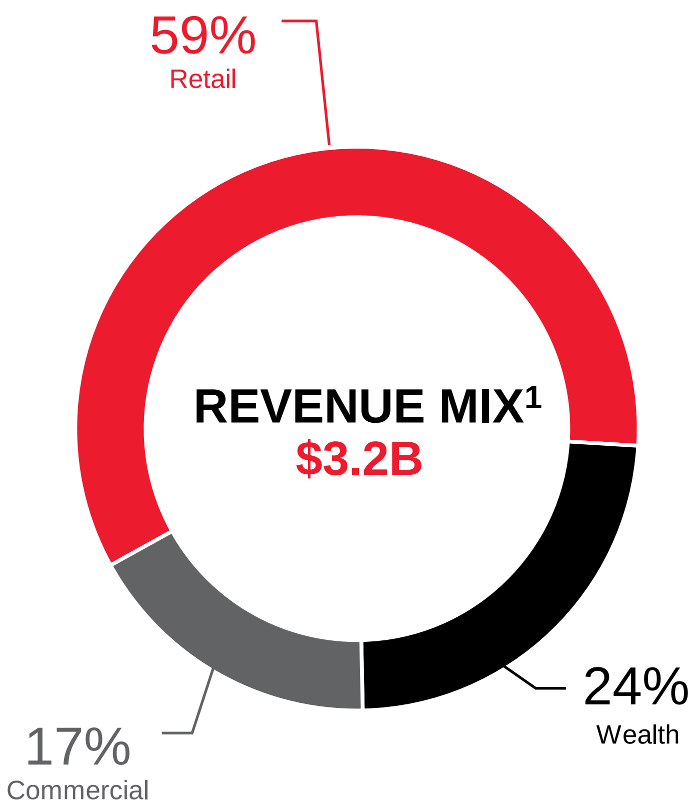
YEAR-OVER-YEAR HIGHLIGHTS

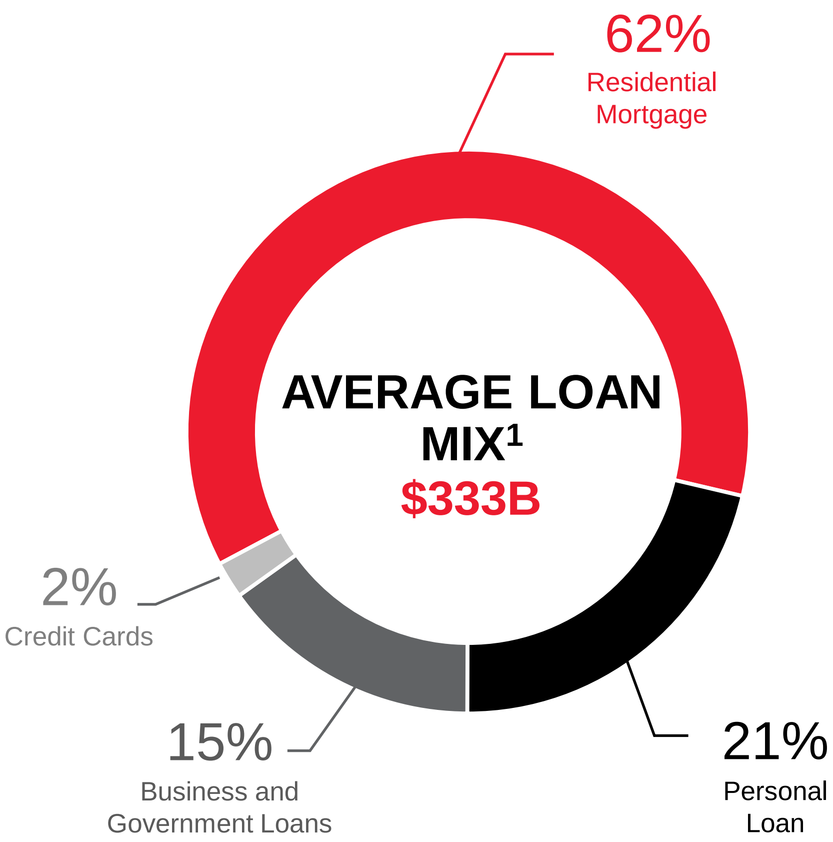
- **Net income up 5% or 7%[4]**
  - Asset growth and margin expansion
  - Lower provision for credit losses
- **Revenue up 3%**
  - Net interest income up 8%
- **Loan growth of 7%**
  - Residential mortgages up 6%
  - Business loans up 14%
- **NIM up 5 bps**
  - Rising rate environment and business mix
- **PCL ratio[2, 3] on impaired loans improved by 6 bps**
- **Expenses up 3%**
  - Higher investments in technology, digital and regulatory initiatives
- **Positive YTD operating leverage**
- **YTD productivity improvement of 130 bps**

[1] Attributable to equity holders of the Bank
[2] 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
[3] Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
[4] Lower real estate gains impacted earnings by 5%, which was partially offset by the 3% benefit of additional earnings from the Alignment of reporting period of Canadian Insurance with the bank

CANADIAN BANKING: REVENUE AND LOAN MIX

Strong retail and growing commercial and wealth



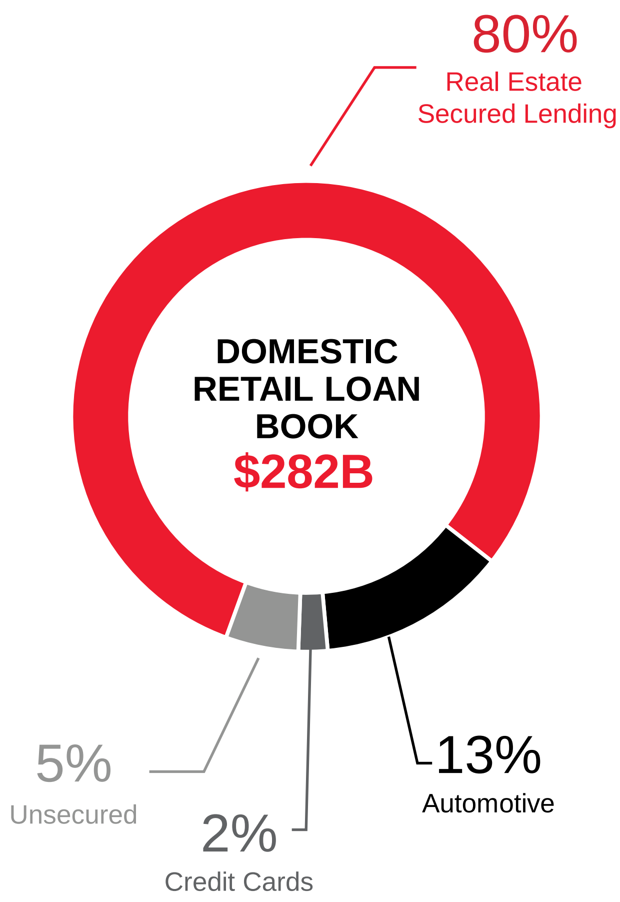


[1] For the three months ended April 30, 2018

CANADIAN BANKING: RETAIL EXPOSURES

Retail loan portfolio ~93% secured: 80% real estate and 13% automotive

- **Residential mortgage portfolio is well-managed**
  - 47% insured, and the remaining 53% uninsured has a LTV of 54%[1]
- **Credit card portfolio is approximately $7.0 billion, reflecting ~2% of domestic retail loan book or 1.3% of the Bank's total loan book**
  - Organic growth strategy that is focused on payments and deepening customer relationships
  - ~80% of growth is from existing customers (penetration rate low-30s versus peers in the low-40s)
  - Strong risk management culture with specialized credit card teams, customer analytics and collections focus
- **Auto loan book is approximately $36 billion**
  - Market leader and portfolio is structurally different than peers with 7 OEM relationships (3 exclusive)
  - Prime Auto and Leases (~92%)
  - Lending terms have been declining with contractual terms averaging 72 months but effective terms are 48 months



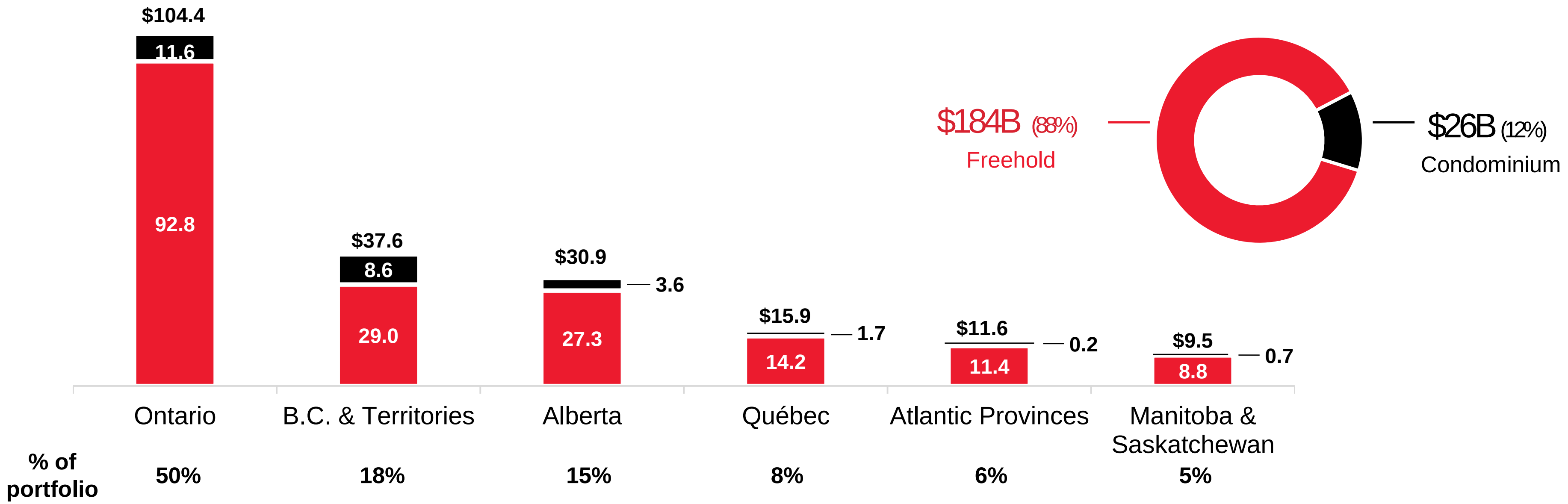
[1] LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Teranet HPI data.

CANADIAN BANKING: RESIDENTIAL MORTGAGES

High quality and well managed portfolio

- Residential mortgage portfolio of $210 billion, of which 47% is insured, and an LTV of 54% on the uninsured book
- Scotiabank has 3 distinct distribution channels; Broker (~55%), Branch (~25%), and Mobile Salesforce (~20%)
  - All adjudicated under the same standards
- Mortgage business model is originate to hold
- New originations[1] average LTV of 63% in Q2/18, with Ontario at 63% and BC at 61%
- Majority is freehold properties; condominiums represent approximately 12% of the portfolio
- The mortgage portfolio is well managed and has good diversification across Canada with approximately half of the portfolio anchored in Ontario

CANADIAN MORTGAGE PORTFOLIO: $210B (SPOT BALANCES AS AT Q2/18, $B)



[1] New originations defined as newly originated uninsured residential mortgages and have equity lines of credit, which include mortgages for purchases, refinances with a request for additional funds and transfer from other financial institutions.

TANGERINE OVERVIEW

Canada's #1 Digital Bank and the official and exclusive Bank to the Toronto Raptors[1]

55	~95%	~97%	~91%
Industry Leading NPS[2]	Digital Onboarding	Digital Transactions	Digital Sales

KEY STRATEGIC FOCUS:

Simplicity

- Simple market-leading products that appeal to value-conscious Canadians
- Deliver a seamless Client Experience through digital innovations
- Great rates, simple products, and no unfair fees

Velocity

- Enhanced self-service options, adding speed and agility (eg. New client multi-product enrollment up 6 times)
- Nimble modern platform supporting rapid development cycles
- A low cost, scalable, digital approach

Partnerships

- Accelerating momentum through the Toronto Raptors
- Deepening client relationships by introducing SCENE Loyalty
- Collaboration opportunities with Scotiabank (eg. Procurement)

Higher Client Growth from Cross-buy
~50% Clients Own Multiple Products

Primary Clients = Stickier Relationships
 # Primary Clients +30% Y/Y

Strong Client Advocacy
50% New Clients via Referrals

Strategy offers superior growth opportunities:

- Accelerating momentum on collaboration opportunities between Tangerine and Scotiabank
- Everyday Banking product suite offers diversified NIAT profile in the face of intensified competition and low rates
- Strong growth in new client and Primary Banking customers
- Focus on multi-product client relationships
- Tangerine Investments among fastest growing index funds
- Line of Credit Offering to be launched in 2018
- 93% of Tangerine's clients are linked to competitors: Big 5 (ex-Scotiabank) and Credit Unions

Modern Platform	Speed & Agility	Client-Driven Innovation	Unique 'Orange' Culture	Award Winning Approach
Scalable: Nimble, low cost systems provide a holistic client view without legacy issues.	**Agile-Like**: Rapid Development Cycles enable new product & feature delivery quickly and efficiently.	**Incubator**: Identify, explore, and pilot new technologies and solutions to meet evolving Client needs.	**Team Tangerine**: Our unique culture and lean team are an essential part of how we deliver.	**Consistently Recognized**: J.D. Power Customer Satisfaction seven years in a row, IPSOS, and Digital Brokerage Awards

[1] Effective July 1, 2018
[2] FY2017

INTERNATIONAL BANKING OVERVIEW

Well established and diversified franchise in select, higher growth regions outside of Canada

BUSINESS OVERVIEW	• Operate primarily in Latin America, the Caribbean and Central America with a full range of personal and commercial financial services, as well as wealth products and solutions
2018 PRIORITIES	• **Customer focus:** Taking customer experience to the next level by leveraging our Customer Pulse program and implementing a new Employee Pulse program to gather valuable feedback on how to better serve our customers • **Leadership:** Continue to strengthen our teams across our business lines and functions • **Structural cost transformation:** Continue to make progress on our cost reduction programs, while focusing on developing new capabilities across the Bank • **Digital transformation:** Scale-up our digital banking units across the four Pacific Alliance countries (and Canada), continue driving digital sales on priority products, and accelerating digital adoption and transaction migration • **Business mix alignment:** Strategically grow in key areas, including core deposits, to improve profitability and reduce funding costs
STRATEGIC OUTLOOK	• **Pacific Alliance:** Good momentum and continue to leverage diversified footprint • **Growth and Margins:** Expect low double digit growth in the Pacific Alliance while optimizing operations in the Caribbean and Central America, with stable margins and credit quality • **Expense Management:** Expense management and delivering positive operating leverage remains a key priority, along with strategic investments that will help deliver a stronger customer experience • **Growth Strategy:** Focused on organic growth, but will consider acquisition opportunities in our existing footprint

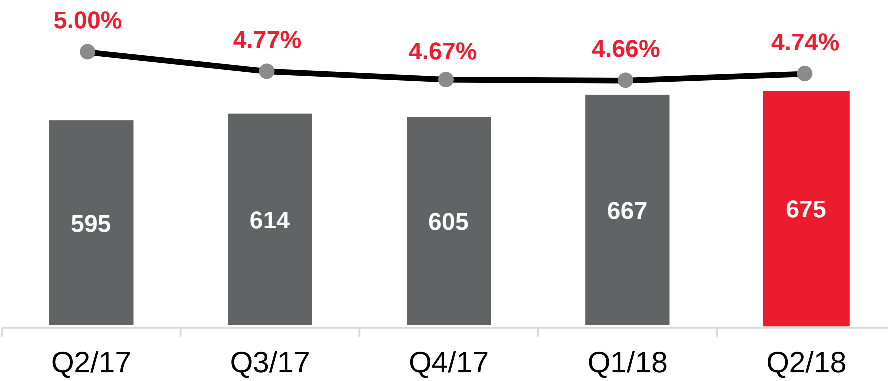
INTERNATIONAL BANKING

Strong quarter driven by continued earnings momentum in Pacific Alliance

FINANCIAL PERFORMANCE & METRICS ($MM)[1,2]

	Q2/18	Y/Y	Q/Q
Revenue	$2,742	+7%	(1%)
Expenses	$1,438	+5%	(2%)
PCLs	$340	-	(4%)
Net Income	$675	+15%	-
Productivity Ratio	52.5%	(80bps)	(80bps)
Net Interest Margin	4.74%	(26bps)	+8bps
PCL Ratio[3, 4]	1.22%	(11bps)	(4bps)
PCL Ratio on Impaired Loans[3, 4]	1.38%	+5bps	+13bps

NET INCOME[1, 5] ($MM) AND NIM[5] (%)



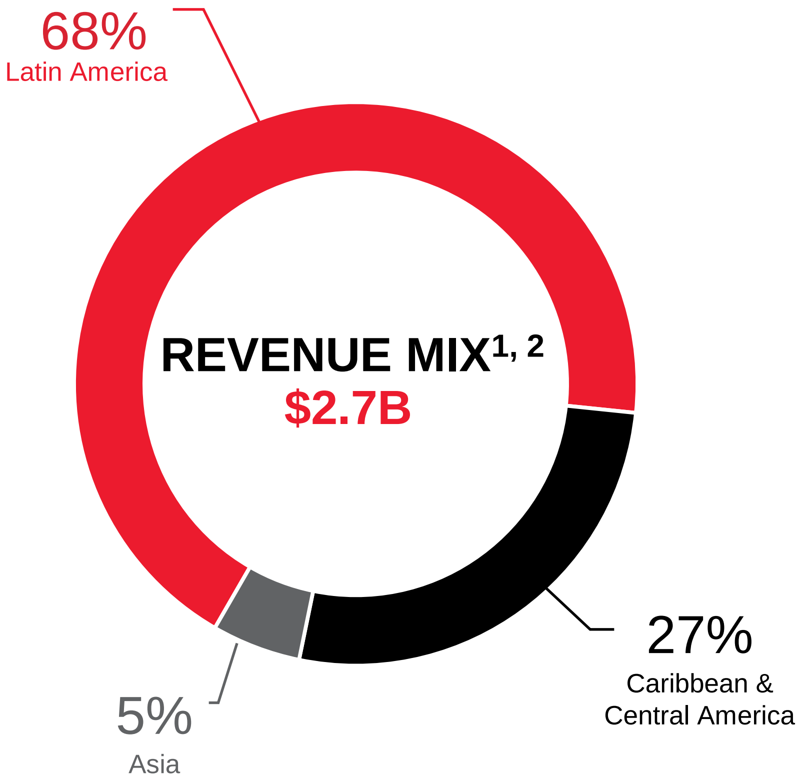
YEAR-OVER-YEAR HIGHLIGHTS[2]

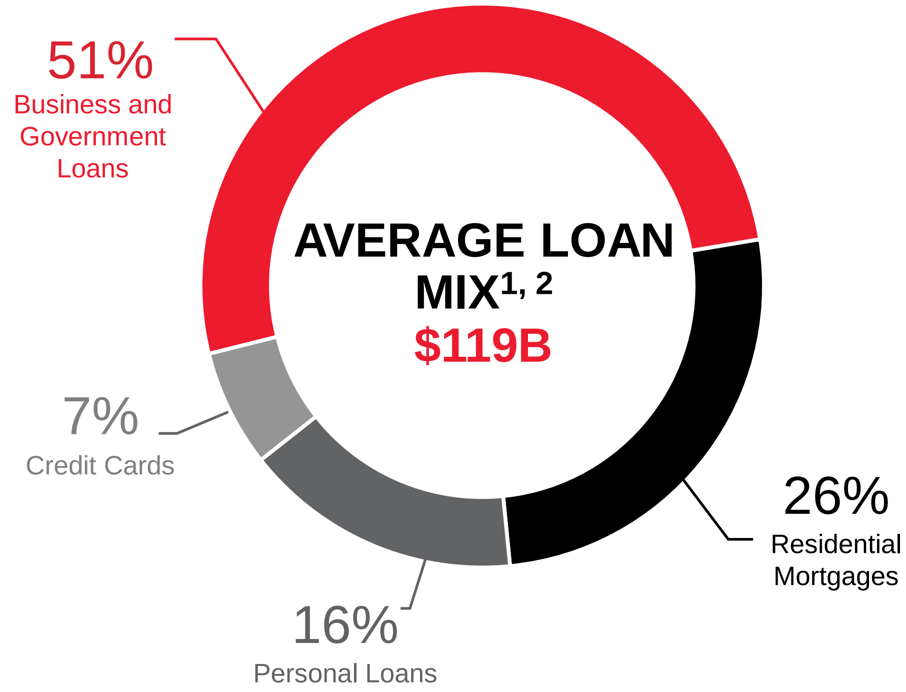
- **Net Income up 15%[6]**
  - Strong asset and deposit growth in Pacific Alliance
  - Increased contribution from affiliates
  - Lower tax rate
- **Revenue up 7%**
  - Pacific Alliance up 11%
- **Loans up 11%**
  - Pacific Alliance strong loan growth up 16%
- **PCL ratio[3, 4] on impaired loans up 5 bps**
  - Mainly related to one previously impaired account impacted by the hurricane related events in Puerto Rico
- **Expenses up 5%**
  - Business volume growth, inflation and higher technology costs partly offset by cost-reduction initiatives
- **Positive YTD operating leverage**
- **YTD productivity improvement of 140 bps**

[1] Attributable to equity holders of the Bank
[2] Y/Y and Q/Q growth rates (%) are on a constant dollars basis, while metrics and change in bps are on a reported basis
[3] 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
[4] Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
[5] Net Income and Net Interest Margin is on a reported basis
[6] The benefit from the Alignment of reporting period of Chile with the bank contributed 4% to the net income growth

INTERNATIONAL BANKING: REVENUE AND LOAN MIX

Focused on Latin America, with good contribution from the Caribbean and Central America





[1] For the three months ended April 30, 2018
[2] On a constant dollar basis

PACIFIC ALLIANCE OVERVIEW

Attractive growth opportunity for the Bank

- **With roughly 230 million people, an average age of 29, growing middle-class, a large portion of the population that is underbanked, and a stable banking environment**

Mexico

- 5th largest bank[1] in Mexico; strong positions in mortgages and auto
- Business confidence is strong with a robust domestic economy
- Strong and diversified manufacturing industry

Peru

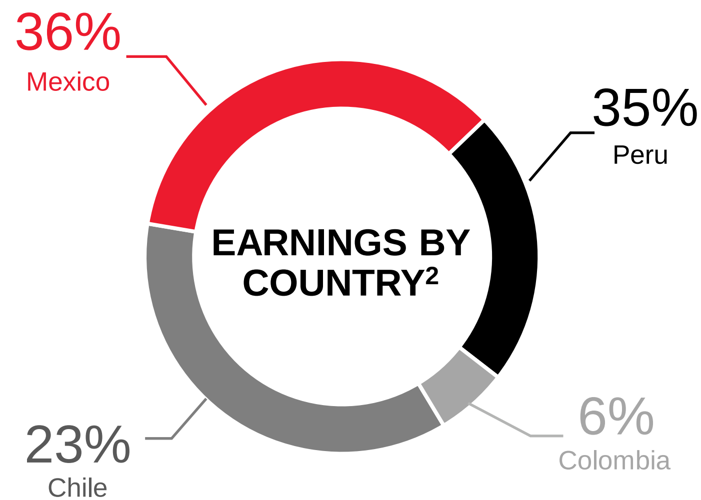
- 3rd largest bank[1] in Peru
- Strong franchise, building great momentum
- Universal bank with strong presence across all segments

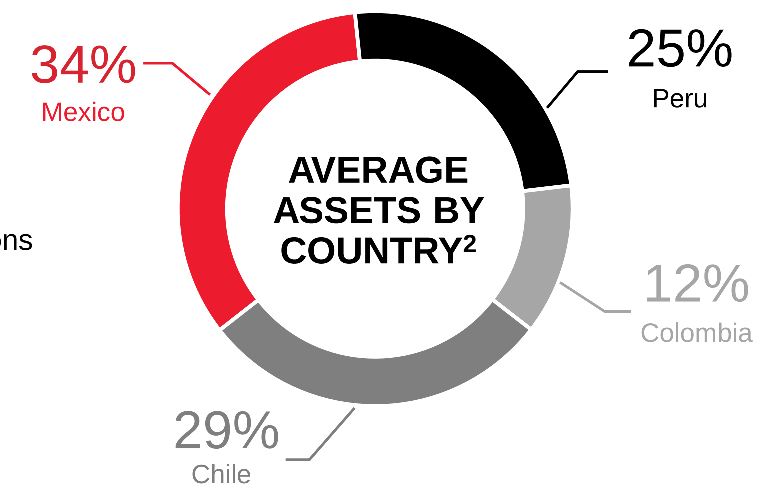
Chile

- 3rd largest private bank[1] in Chile proforma BBVA Chile
- Most developed country in Latin America
- A leader in corporate lending and capital markets

Colombia

- Growing presence with acquisition of Colpatria and Citibank operations
- Strong macroeconomic fundamentals and performance, with GDP per capita doubling over the last decade
- Very strong in retail and credit cards





[1] In terms of loans
[2] For the three months ended April 30, 2018

GLOBAL BANKING AND MARKETS OVERVIEW

Wholesale banking and capital markets products to corporate, government and institutional clients

BUSINESS OVERVIEW	• Full service platform in Canada and Mexico. Niche focus in the U.S., Central and South America, Asia, Australia and select markets in Europe
2018 PRIORITIES	• **Enhance Customer Focus:** Improving the end-to-end customer experience to seamlessly offer our full capabilities, thereby deepening and strengthening our relationships, while leveraging our global footprint to better serve our multi-regional customers • **Leaders in our Primary Markets:** Invest in people, process and technology, enhance our capabilities in our primary markets of Canada and the Pacific Alliance. Expand our investment banking and capital markets expertise to increase our relevance and deepen our customer relationships in these markets • **Optimize Effectiveness:** Control costs and invest in the right areas to drive shareholder value, while optimizing our of capital and funding. Invest in technology to enhance the customer experience, improve our data and analytics capabilities, and increase operational effectiveness
STRATEGIC OUTLOOK	• **Higher Revenues:** Expect higher revenues from focus clients, Global Transaction Banking, Corporate Banking and Investment Banking • **Expense Management:** Cost savings and loan losses are expected to moderate toward historic levels • **Global Outlook:** Building franchise as a leading wholesale bank in Canada and the Pacific Alliance, while maintaining a relevant presence in other regions to support its multi-regional customers

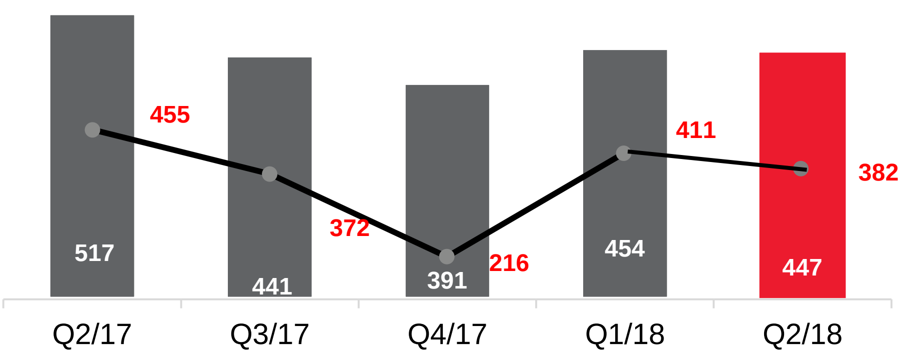
GLOBAL BANKING AND MARKETS

Good net interest income growth and improvement in credit quality

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	Q2/18	Y/Y	Q/Q
Revenue	$1,155	(4%)	(3%)
Expenses	$565	+13%	(1%)
PCLs	($11)	N/A	N/A
Net Income	$447	(14%)	(2%)
Productivity Ratio	48.9%	+720bps	+80bps
Net Interest Margin	1.80%	+5bps	(23bps)
PCL Ratio[2, 3]	(0.05%)	(6bps)	(1bp)
PCL Ratio on Impaired Loans[2, 3]	0.02%	+1bp	+3bps

NET INCOME[1] AND TRADING INCOME[4] ($MM)



YEAR-OVER-YEAR HIGHLIGHTS

- **Net Income down 14%**
  - Lower income from global equities (higher client driven equity trading last year), lower fixed income and investment banking results and higher expenses
  - Higher foreign exchange and corporate banking results and lower PCLs
- **PCL ratio[2, 3] improved by 6 bps**
  - Improved credit quality
- **Expenses up 13%**
  - Higher regulatory costs and technology investments

[1] Attributable to equity holders of the Bank
[2] 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
[3] Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
[4] Trading income on an all-bank basis and TEB

PCL RATIOS

Stable all-bank PCL ratios on impaired loans

	IAS 39			IFRS 9			
	Q2/17	Q3/17	Q4/17	Q1/18		Q2/18	
(As a % of Average Net Loans & Acceptance)	**PCLs on Impaired Loans**			**PCLs on Impaired Loans**	**Total PCLs**	**PCLs on Impaired Loans**	**Total PCLs**
Canadian Banking							
Retail	0.34	0.31	0.30	0.29	0.28	0.28	0.28
Commercial	0.14	0.09	0.07	0.11	0.08	0.09	0.09
Total	0.31	0.28	0.27	0.27	0.25	0.25	0.25
Total – Excluding Net Acquisition Benefit	0.32	0.29	0.28	N/A	N/A	N/A	N/A
International Banking							
Retail	2.19	2.08	2.00	2.28	2.39	2.26	2.16
Commercial	0.51	0.31	0.32	0.28	0.20[1]	0.55	0.34[1]
Total	1.33	1.16	1.14	1.25[2]	1.26[1,2]	1.38[2]	1.22[1,2]
Total – Excluding Net Acquisition Benefit	1.45	1.27	1.34	N/A	N/A	N/A	N/A
Global Banking and Markets	0.01	0.11	0.04	(0.01)	(0.04)	0.02	(0.05)
All Bank	**0.49**	**0.45**	**0.42**	**0.43**	**0.42**	**0.46**	**0.42**

[1] Excludes provision for credit losses on debt securities and deposit with banks
[2] Not comparable to prior periods, which were net of acquisition benefits

Treasury and Funding

FUNDING STRATEGY

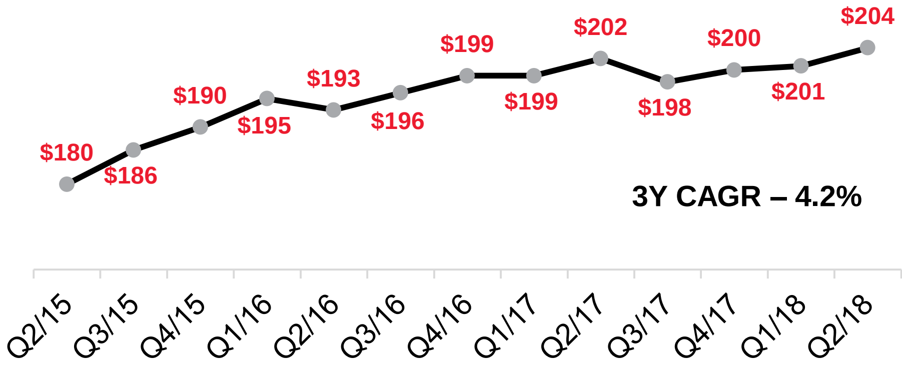
Managing the Bank’s reliance on wholesale funding and diversifying funding sources

- **Build customer deposits in all of our key markets**
- **Continue to manage wholesale funding (WSF) and focus on longer term funding**
  - Endeavouring to fund asset growth through deposits
- **Achieve appropriate balance between cost and stability of funding**
  - Maintain pricing relative to peers
- **Diversify funding by type, currency, program, tenor and markets**
- **Pre-fund at least one quarter ahead, market permitting**
- **Centralized funding strategy and associated risk management**

DEPOSIT OVERVIEW

Stable trend in personal & business and government deposits

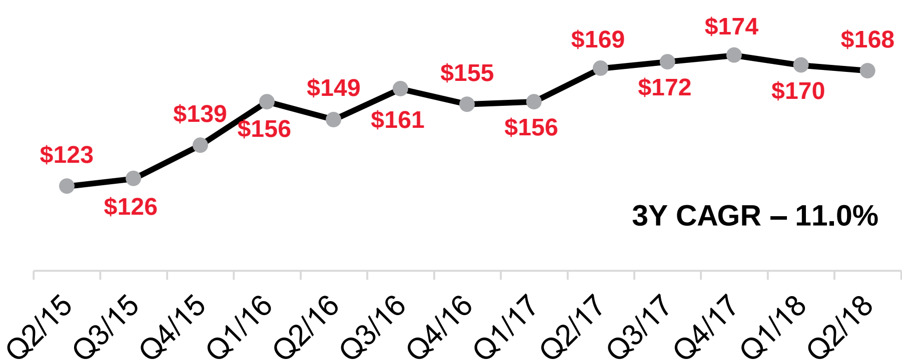
PERSONAL DEPOSITS
(SPOT, CANADIAN DOLLAR EQUIVALENT, $B)



PERSONAL DEPOSITS

- **Important for both relationship purposes and regulatory value**
- **4.2% CAGR over the last 3 years**
  - 83% of personal deposits are in Canada

BUSINESS & GOVERNEMENT DEPOSITS[1]
(SPOT, CANADIAN DOLLAR EQUIVALENT, $B)



BUSINESS & GOVERNMENT

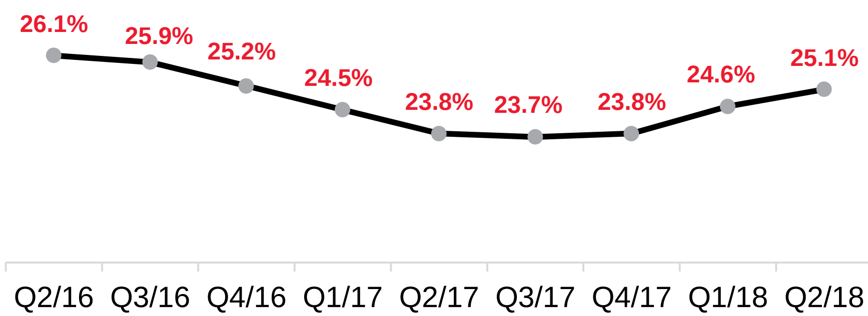
- **Leveraging relationships to increase share of deposits**
- **11% CAGR over the last 3 years**
- **Focusing on operational, regulatory friendly deposits**

[1] *Calculated as Bus& Gov't deposits less Wholesale Funding, adjusted for Sub Debt*

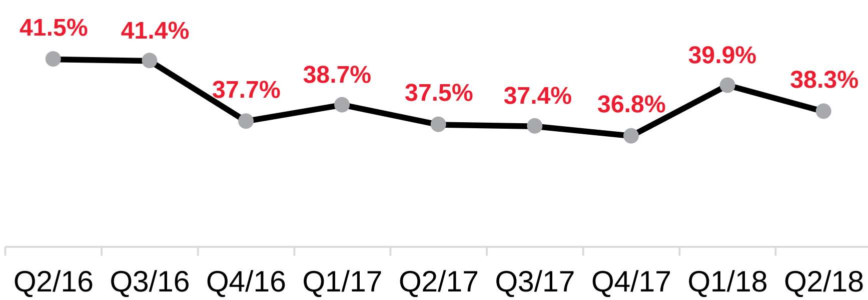
WHOLESALE FUNDING UTILIZATION

Managing reliance on wholesale funding and growing deposits

WSF/TOTAL ASSETS



MONEY MARKET WSF/TOTAL WSF



REDUCING RELIANCE ON WHOLESALE FUNDING

- **Targeting to be in line with peers**
  - Reduced reliance on wholesale funding over the last two years
  - Q1-Q2 saw a temporary increase to support business line requirements and will revert to previous levels
  - Continuing to focus on deposits as an alternate to wholesale funding

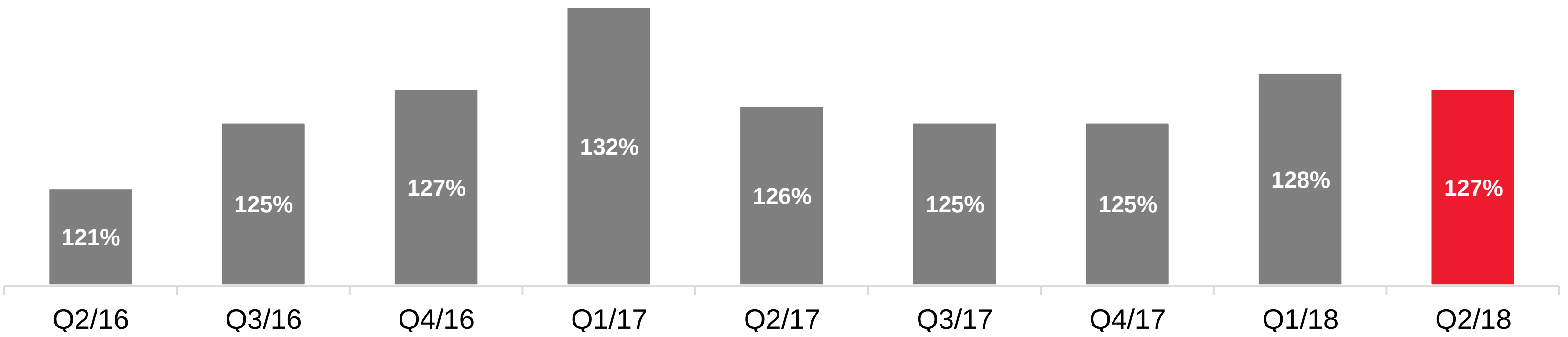
FOCUS ON TERM FUNDING

- **Reduce reliance on money market funding**

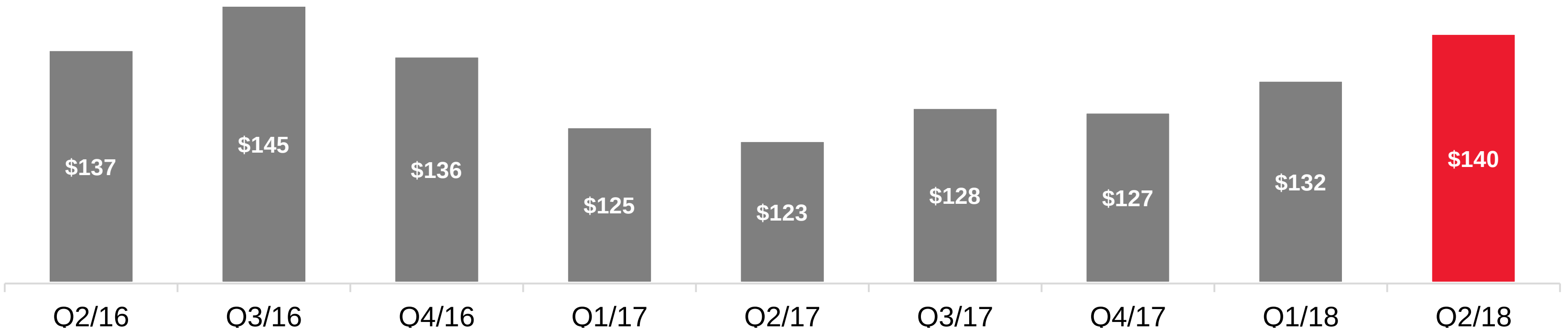
LIQUIDITY METRICS

Well funded Bank with strong liquidity

- **Liquidity Coverage Ratio (LCR)**
  - Consistently strong performance
  - Net Stable Funding Ratio (NSFR) implementation date postponed to January 2020

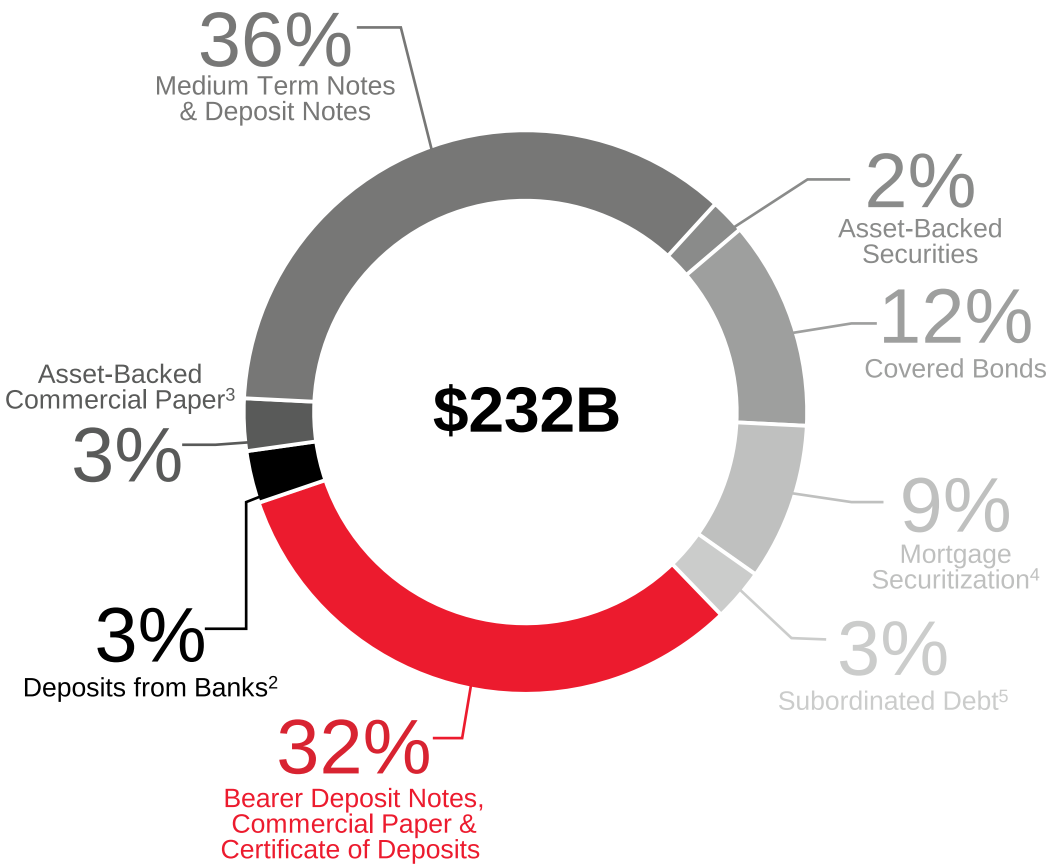


- **High Quality Liquid Assets (HQLA)**
  - Efficiently managing LCR and optimizing HQLA



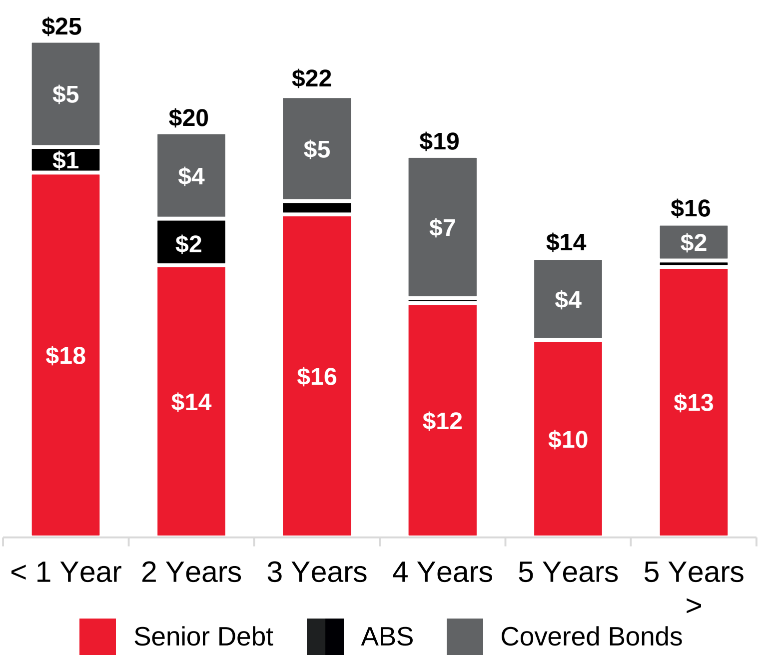
WHOLESALE FUNDING COMPOSITION

Wholesale funding diversity by instrument and maturity[1,6,7]



MATURITY TABLE (EX-SUB DEBT)

(CANADIAN DOLLAR EQUIVALENT, $B)



[1] Wholesale funding sources exclude repo transactions and bankers acceptances, which are disclosed in the contractual maturities table in the MD&A of the Interim Consolidated Financial Statements. Amounts are based on remaining term to maturity.
[2] Only includes commercial bank deposits raised by Group Treasury.
[3] Wholesale funding sources also exclude asset-backed commercial paper (ABCP) issued by certain ABCP conduits that are not consolidated for financial reporting purposes.
[4] Represents residential mortgages funded through Canadian Federal Government agency sponsored programs. Funding accessed through such programs does not impact the funding capacity of the Bank in its own name.
[5] Although subordinated debentures are a component of regulatory capital, they are included in this table in accordance with EDTF recommended disclosures.
[6] As per Wholesale Funding Sources Table in MD&A. As of Q2/18
[7] Wholesale funding sources may not add to 100% due to rounding

DIVERSIFIED WHOLESALE FUNDING PROGRAMS

Flexible and well balanced programs

- **SHORT-TERM FUNDING**
  - USD 25 billion Bank CP program
  - USD 3 billion Subsidiary CP program
  - CD Programs (Yankee/USD, EUR, GBP, AUD, HKD)

- **TERM FUNDING & CAPITAL**
  - CAD 15 billion debt & equity shelf (senior debt, subordinated debt, preferred shares, common shares)
  - CAD 6 billion Principal at Risk (PAR) Note shelf
  - CAD 15 billion START ABS program (indirect auto loans)
  - CAD 7 billion Halifax ABS shelf (unsecured lines of credit)
  - CAD 5 billion Trillium ABS shelf (credit cards)
  - CAD 36 billion global registered covered bond program (uninsured Canadian mortgages)
  - Canada Mortgage Bonds and Mortgage Back Securities
  - USD 20 billion debt & equity shelf (senior debt, subordinated debt, preferred shares, common shares)
  - USD 20 billion EMTN shelf
  - USD 5 billion Singapore MTN program
  - AUD 4 billion Australian MTN program

CANADIAN REGULATORY ENVIRONMENT: BAIL-IN AND TLAC

Banks to begin reporting TLAC measures in Q1/19

- **October 2011: Financial Stability Board (FSB) drafted recommendations regarding resolution regimes for global systemically important banks**

- **2014: Canadian consultation process began. In 2016, amendments to CDIC Act, Bank Act and other statutes were passed to allow for a bank recapitalization (bail-in) regime**
  - Provided CDIC statutory power to convert specified eligible liabilities of domestic systemically important banks (DSIBs) into common shares in the event such banks become non-viable
  - Extended existing CDIC powers with respect to managing the unlikely scenario of a bank failure

- **2017-2018: Public consultation on bail-in regulations and related Total Loss Absorbing Capital "TLAC"**
  - July 2017: draft guideline/consultations completed
  - March 2018: bail-in regulations registered and compensation regulations came into force
  - April 2018: final bail-in and TLAC regulations released
  - September 23, 2018: Final TLAC guideline and conversion and issuance regulations come into force

- **TLAC compliance for DSIBs**
  - Beginning in fiscal Q1/22 (i.e., November 1, 2021), D-SIBs will be required to maintain a minimum risk-based TLAC ratio and a minimum TLAC leverage ratio as set out in orders made under the Bank Act

CANADIAN BAIL-IN RESOLUTION FRAMEWORK

Principles based approach to bail-in conversion with no explicit conversion ratio

- **Eligibility criteria for bail-in debt and conversion into common shares under the CDIC Act**
  - Senior unsecured debt with original term to maturity > 400 days, issued or re-opened by a D-SIB after issuance regulations come into force
  - Tradeable and transferable; assigned a CUSIP, ISIN or similar designation
  - Excludes deposits, secured liabilities (e.g. covered bonds), eligible financial contracts (i.e. derivatives) and structured notes (with some exceptions)

- **Mechanism - designed using no creditor worse off principle**
  - Upon determination by OSFI that a bank has ceased to be viable, CDIC will take temporary control/ownership and carry out bail-in conversion and /or other restructuring activities
  - Creditors should not incur greater losses through bail-in resolution than if institution had been wound-up under normal insolvency proceedings
  - Respects relative creditor hierarchy; conversion of subordinate ranking claims before converting any bail-in securities
  - Legacy non-NVCC subdebt not subject to the bail-in regime but subject to other resolution regimes available to CDIC
  - Senior creditors should receive relatively better conversion terms vs. junior creditors
  - Bail-in risk mitigated by extremely low probability of event

- **Principles based approach to bail-in conversion**
  - No explicit conversion ratio

TLAC REQUIREMENTS AND ELIGIBILITY

Two concurrent minimum TLAC compliance requirements

Risk-based TLAC ratio
&
TLAC leverage ratio

TLAC eligibility

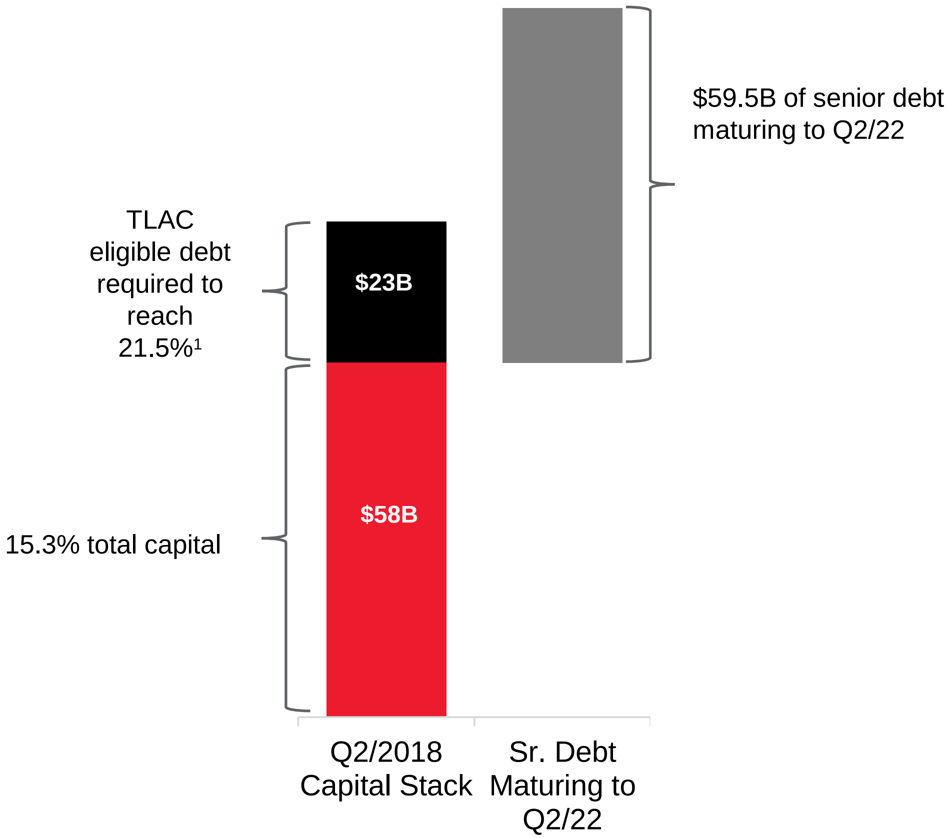
Tier 1 and 2 regulatory capital as per CAR guideline
+
Bail-in debt

Eligibility criteria for bail-in debt to qualify as TLAC

- Subject to permanent conversion into common shares in whole or in part pursuant to CDIC Act
- Directly issued by Canadian parent operating company
- Not secured or covered by a guarantee of the issuer or related party
- Perpetual or have remaining term >365 days
- No acceleration rights outside of bankruptcy, insolvency, wind-up, liquidation or failure to make principal or interest payments for 30 business days or more
- Callable without OSFI prior approval if, following the transaction, the minimum TLAC requirement is satisfied

TOTAL LOSS ABSORBING CAPITAL (TLAC)

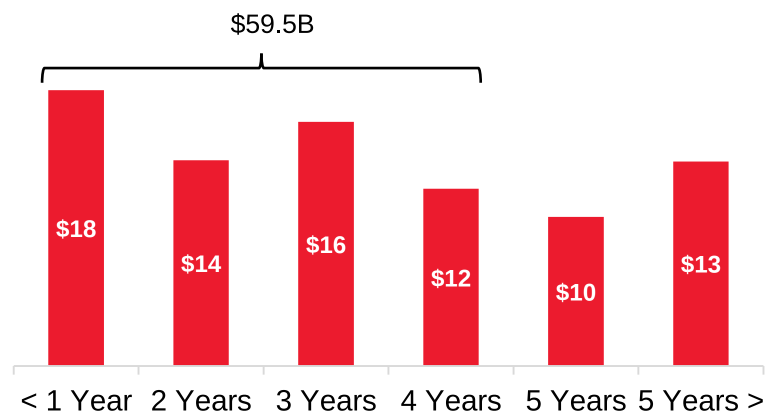
Well positioned to exceed requirements



- **$59.5B of senior debt maturing by Q2/22**
- **Will exceed our TLAC requirement based on maintaining current capital levels and refinancing upcoming senior maturities**

SENIOR DEBT[2] MATURITY TABLE (AT Q2/18)

(Canadian Dollar Equivalent, $B)



[1] As noted in the June 2017 draft TLAC guidelines

[2] Senior Debt = Medium Term Notes and Deposit Notes as per MD&A. May not add due to rounding

Appendix 1

Canadian Housing Market

CANADIAN HOUSEHOLD DEBT

- **Household debt has been increasing since the mid-1980s**
  - Low interest rates, demographics (including immigration), financial innovation and shift in consumer attitude/behaviour
  - Debt increase has largely been driven by mortgage debt (represents ~72% of total household credit)
- **Household debt to disposable income is only one metric to analyze**
  - While debt growth has not been fast by historical standards, income growth has not kept up, leading to an increasing household debt to income ratio
  - The household debt to income ratio mixes a balance sheet measure “debt” with an income statement measure “disposable income”. Borrowers are not generally expected to pay off their debts with one year’s income
- **Other considerations regarding consumer indebtedness and consumer resilience to shocks:**
  - <u>Housing affordability</u> – Mortgage debt-service ratios are in line with historical averages at the national level
    - Interest and principal mortgage debt payments steady at 6–7% of disposable income since 2008
    - Consumers prudently taking advantage of low rates to repay more principal
  - <u>Net worth</u> – Net asset levels (assets less debt) are at an all-time high of more than 8 times disposable income
    - About half of these assets are financial (not real estate)
    - Asset growth has outpaced debt growth
  - <u>Interest rate shocks</u> – Despite expectations for higher rates, there are mitigating factors
    - Canadians have substantial equity in their homes
    - The majority of mortgage holders are locked in at fixed rates, with the 5-year term the most popular
    - Mortgage regulations, including the recent B-20 changes, require that borrowers must qualify for all types of mortgage credit using a “stress test” interest rate, which for uninsured mortgages is the higher of the contract rate plus 200 basis points or the Bank of Canada 5 Year Benchmark rate, to provide a buffer against rising interest rates impacting affordability
    - Variable rate mortgage holders have the option to switch into fixed rates
  - <u>Unemployment rate</u> – A key driver of delinquencies and losses that determines borrowers’ ability to pay debt
    - Levels are expected to remain fairly stable over the next 2–3 years

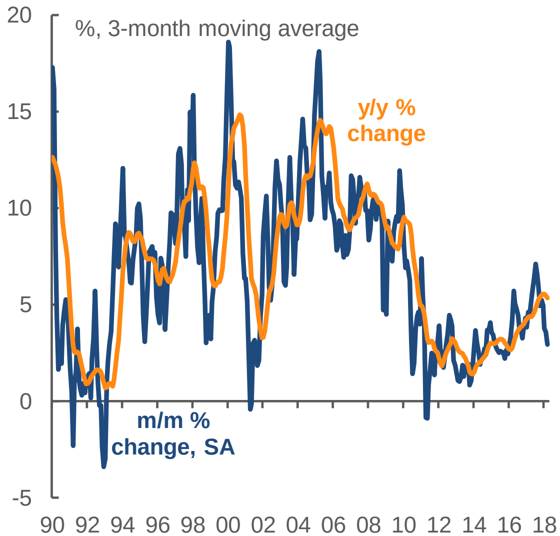
CANADIAN HOUSEHOLD CREDIT GROWTH IS MODERATING

- **Total household credit growing 5.3% y/y in nominal terms, vs 2008 peak of 12% y/y**
- **Consumer loans excluding mortgages (cards, HELOCs, unsecured lines, auto loans, etc.) are growing 5.2% y/y, vs 11% in late-2007**
- **Mortgage credit growing 5.3% y/y, vs 2008 peak of 13%**

HOUSEHOLD CREDIT GROWTH

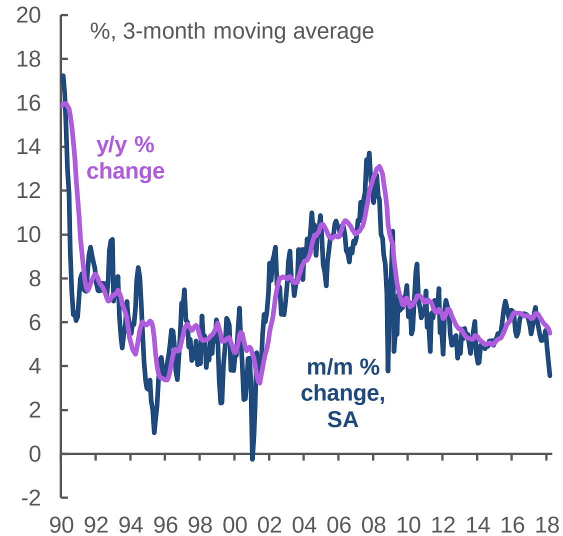
Sources: Scotiabank Economics, Bank of Canada.

CONSUMER LOAN GROWTH



Sources: Scotiabank Economics, Bank of Canada.

RESIDENTIAL MORTGAGE GROWTH

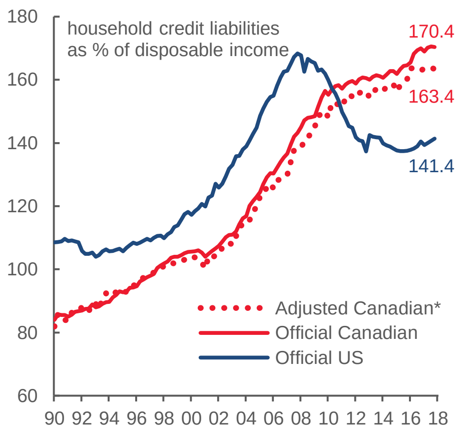


Sources: Scotiabank Economics, Bank of Canada.

HOUSEHOLD DEBT: CANADA VS U.S.

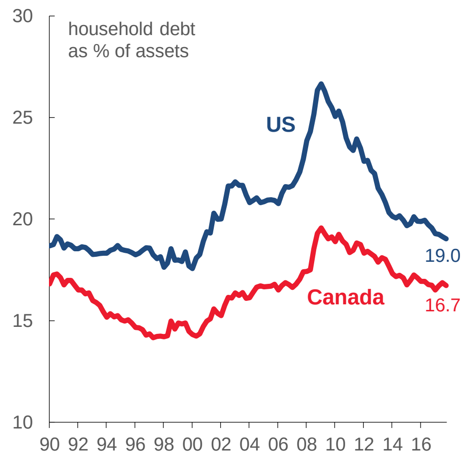
- **In comparable terms, Canadian debt-to-income ratio is 5% below where it peaked in the U.S.**
  - In the last 7 years, increases in Canadian debt-to-income ratio have slowed vs 2002–10
  - Calculated on the same terms, Canada's debt-to-income is currently 163% vs 141% in the U.S.
- **Canadian debt-to-assets ratio remains below U.S.**
  - U.S. households have incentive to pursue higher asset leverage in light of mortgage interest deductibility
  - Debt is a stock concept, to be financed over one's lifetime. Income is a flow concept measuring one single year's earnings. Debt should be compared to lifetime or permanent income, or assets
- **Ratio of household debt to GDP remains lower in Canada than U.S.**
  - Calculated on a comparable basis, the ratio of household credit market debt is 98.6% in Canada vs. 104.1% in the U.S.

Household Credit Market Debt to Disposable Income



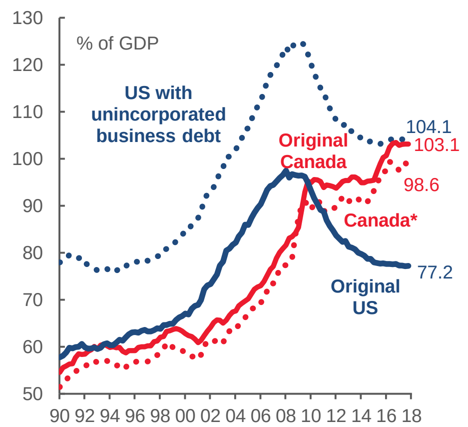
* Adjusted for US concepts and definitions.
Sources: Scotiabank Economics, BEA, Federal Reserve Board, Statistics Canada.

Total Household Liabilities As % of Total Assets



Sources: Scotiabank Economics, Statistics Canada, Federal Reserve Board.

Household Credit–Market Debt to GDP

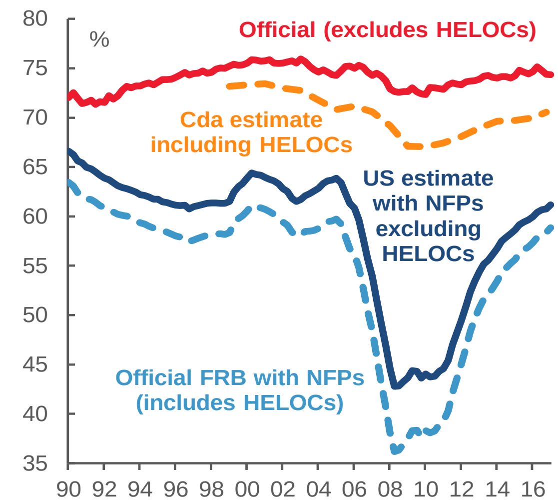


* Adjusted for US concepts and definitions.
Sources: Scotiabank Economics, BEA, Federal Reserve Board, Statistics Canada.

CANADIAN MORTGAGE MARKET

- **Canadian housing market is relatively less expensive compared with its global peers, particularly for buyers with U.S. dollars**
- **Mortgage holders**
  - No negative equity mortgages in Canada
  - 89% of borrowers have 75% or less LTV. Significant price decreases required to reach a negative equity position
  - Share of non-recourse mortgages are low (6–7% of total Canadian mortgages at most) and isolated to only Alberta (excluding high-LTV mortgages) and Saskatchewan.
  - High share of equity: average equity ratio is 74% (excluding HELOC's)
  - On average, only 40% of available HELOC credit is drawn, 60% is undrawn
  - Approximately half of first-time home buyers in Canada are able to source their down payments from their personal savings
- **2014–16 data show 75% of buyers from that period have 25% or more equity**
  - Partly reflects speed of rising house prices, but also stepped-up down payment requirements and tightened mortgage rules
- **2014–16 data indicate only 39% of first-time home buyers had less than 20% down**
- **Efforts to cool the housing market are working, which implies moderating price appreciation**

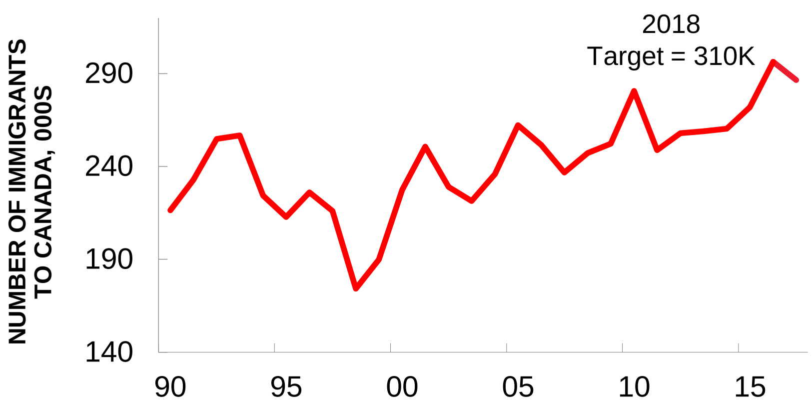
High Percentage of Equity
(real estate equity as % of real estate assets)



Sources: Scotiabank Economics, OSFI, FCAC, Statistics Canada, Federal Reserve Board.

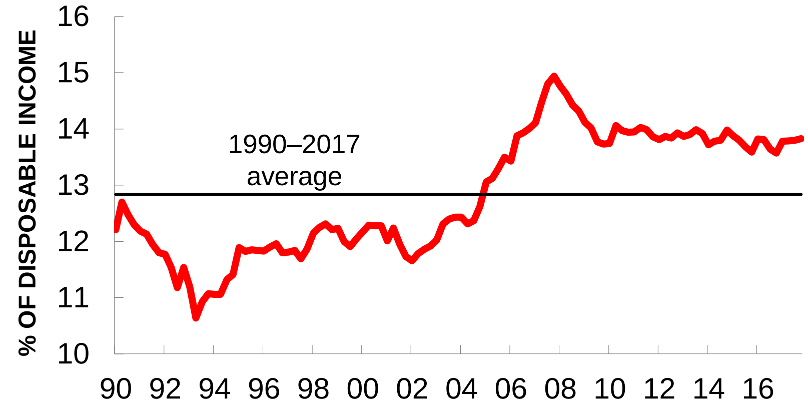
CANADIAN HOUSING FUNDAMENTALS REMAIN SOUND

INTERNATIONAL IMMIGRATION



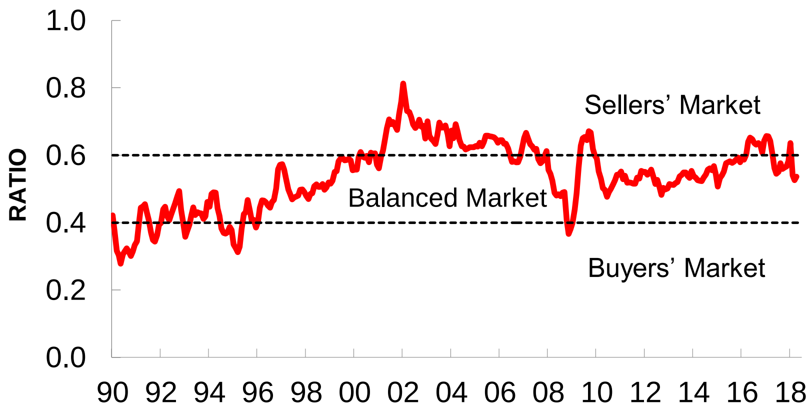
Sources: Scotiabank Economics, Statistics Canada.

TOTAL DEBT SERVICE RATIO



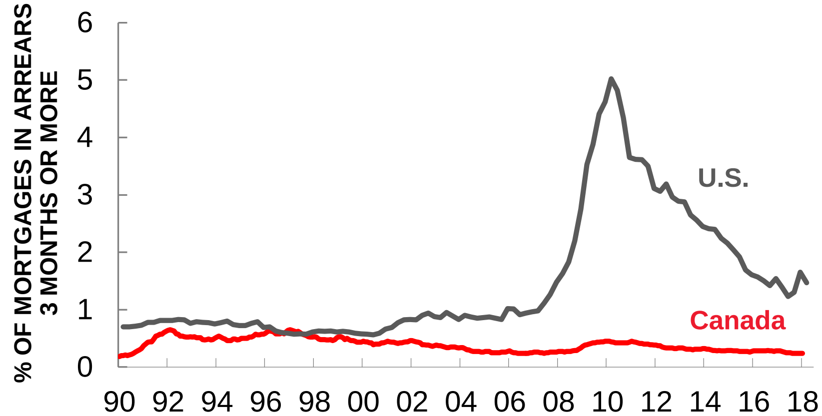
Sources: Scotiabank Economics, Statistics Canada. Data through 2017Q4.

RESIDENTIAL UNIT SALES TO NEW LISTINGS RATIO



Sources: Scotiabank Economics, CREA MLS. Data through April 2018.

RESIDENTIAL MORTGAGES ARREARS



Sources: Scotiabank Economics, CBA, MBA. Data through 2018Q1 (US) and January 2018 (Canada).

HOUSING POLICY DEVELOPMENTS IN CANADA

2018

- The BC government implements its *Homes for BC* plan which aims to improve housing affordability. Key measures include an increase and extension beyond the Greater Vancouver Area of the Property Transfer Tax on non-resident buyers, a new tax on real estate speculation, and investment of more than $1.6 billion through FY2021 toward the goal of building 114,000 affordable housing units in the next 10 years
- OSFI imposes more stringent stress tests for uninsured mortgages, including a minimum qualifying rate at the greater of the five-year fixed posted rate or the contractual rate plus 200 bps, effective January 1, 2018

2017

- Ontario government implements 16 measures aimed to cool the rate of house price appreciation. Key aspects include:
  - 15% non-resident speculation tax imposed on buyers in the Greater Golden Horseshoe area who are not citizens, permanent residents or Canadian corporations
  - Expanded rent control that applies to all private rental units in Ontario
  - Legislation to allow for a vacant home tax
  - $125 million five-year program to encourage construction of new rental apartment buildings by rebating a portion of development charges

2016

- CMHC qualifying stress rate for all new mortgage insurance must be the greater of the contract mortgage rate or the Bank of Canada's conventional five-year fixed posted rate
- CMHC updates low-ratio mortgage insurance eligibility requirements for lenders wishing to use portfolio insurance:
  - Maximum amortization 25 years
  - $1 million maximum purchase price
  - Minimum credit score of 600
  - Property must be owner occupied

2016

- Canada Revenue Agency now requires reporting of a disposition of a property for which the principal residence exception is claimed. Foreign buyers are not able to claim the primary residence tax exemption
- Department of Finance launched a public consultation process regarding lender risk sharing. Comments were submitted in February 2017
- B.C. government introduced an additional 15% land transfer tax on non-resident purchases in Metro Vancouver
- Minimum down payment on insured mortgages on homes valued $0.5 – $1 million increased from 5% to 10%

2014

- CMHC discontinued offering mortgage insurance on second homes and to self-employed individuals without 3rd party income validation

2012

- Maximum amortization on insured mortgages reduced to 25 years (from 30)
- Maximum amount borrowed on insured mortgages at refinancing reduced to 80% (from 85%)
- CMHC insurance availability is limited to homes with purchase price < $1 million
- For insured mortgages, maximum gross debt service ratio of 39% and maximum total debt service ratio of 44%
- Maximum LTV for HELOCs lowered to 65% (from 80%)

HOUSING MARKET STRUCTURAL DIFFERENCES VS. U.S.

	Canada	U.S.

Regulation and taxation	• Mortgage interest not tax deductible
	• Full recourse against borrowers in most provinces (in all of Saskatchewan and for low-ratio mortgages in Alberta, recourse is only to the value of property)
	• Ability to foreclose on non-performing mortgages with no stay periods. Mandatory default insurance for any mortgage with Loan-to-Value >80%
	  ○ CMHC insurance backed by the government of Canada (AAA). Private insurers are 90% government backed
	  ○ Insurance available for homes up to $1 million
	  ○ Premium is payable upfront by the customer
	  ○ Covers full amount for life of mortgage
	• Homebuyers must qualify for mortgage insurance at an interest rate that is the greater of their contract mortgage rate or the Bank of Canada's conventional five-year fixed posted rate
	• Re-financing cap of 80% on non-insured mortgages
	• Maximum 25-year amortization on mortgages with LTV > 80%
	• Maximum 30-year amortization on conventional (LTV < 80%) mortgages
	• Down payment of > 20% required for non-owner occupied properties
		• Tax-deductible mortgage interest creates incentive to borrow and delay repayment
		• Lenders have limited recourse in most states
		• 90-day to 1-year stay period to foreclose on non-performing mortgages
		• No regulatory LTV limit
		• Private insurers are not government backed

Product	• Conservative product offerings, fixed or variable rate options • Much less reliance upon securitization and wholesale funding • Asset-backed securities not subjected to US-style off-balance sheet leverage via special purpose vehicles	• Can include exotic products (adjustable rate mortgages, interest only)
Underwriting	• Terms usually 3 or 5 years, renewable at maturity • Extensive documentation and strong standards	• 30-year term most common • Wide range of documentation and underwriting requirements

Appendix 2

Canada & International Economies

CANADIAN ECONOMY AND FINANCIAL SYSTEM

Stable economy with sound financial system

CANADIAN ECONOMY

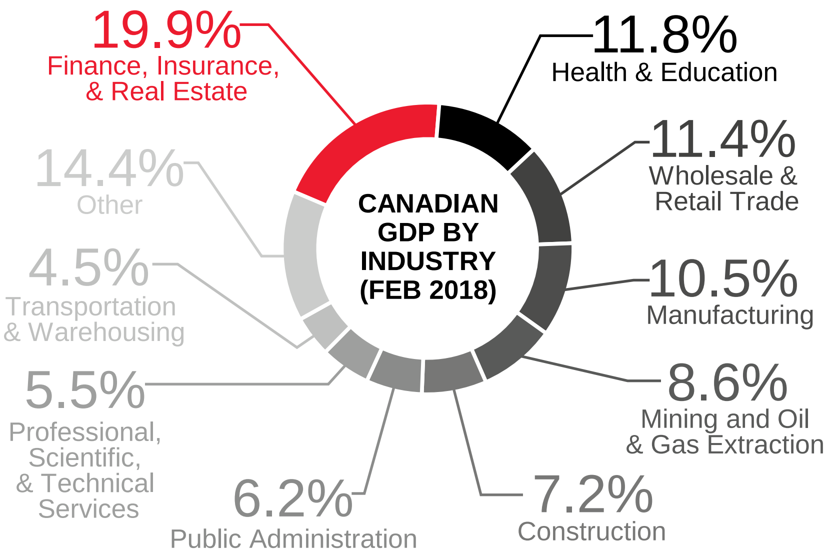
- **The 10th largest economy in the world, with a strong trade orientation**
- **Economy diversified, with particular strength in service, primary, manufacturing, construction, and utility sectors**
- **Proactive governments and central bank that has begun unwinding exceptionally accommodative monetary policy**
- **Manageable government deficits and debt burdens**
- **Strong growth outlook, with firm commodity prices, resilient consumer activity, and solid U.S. demand for Canadian goods and services**

STRONG FINANCIAL SYSTEM

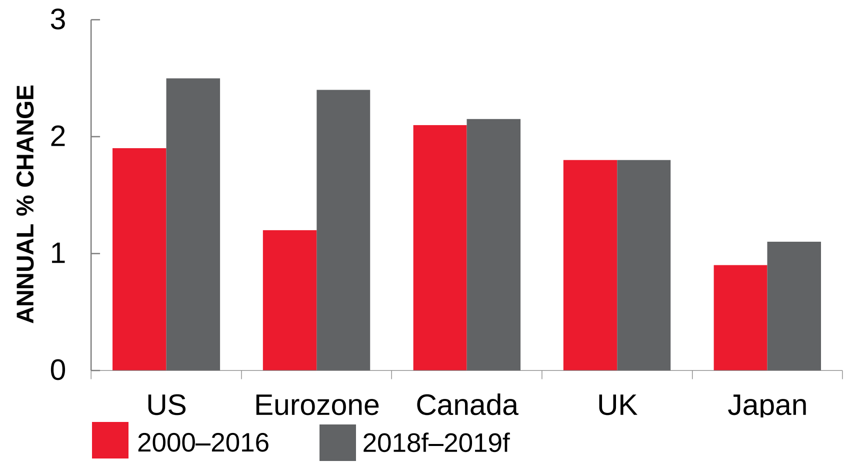
- **Effective regulatory framework**
  - Principles-based regime
  - Single regulator for major banks
  - Conservative capital requirements
  - Proactive policies and programs
- **Risk-management practices**
  - Prudent lending standards
  - Few sub-prime mortgages
  - Relatively little securitization
  - Primarily originate-to-hold model
- **Canadian banks well-capitalized and profitable**

CANADIAN ECONOMY

Diverse economy with a strong balance sheet

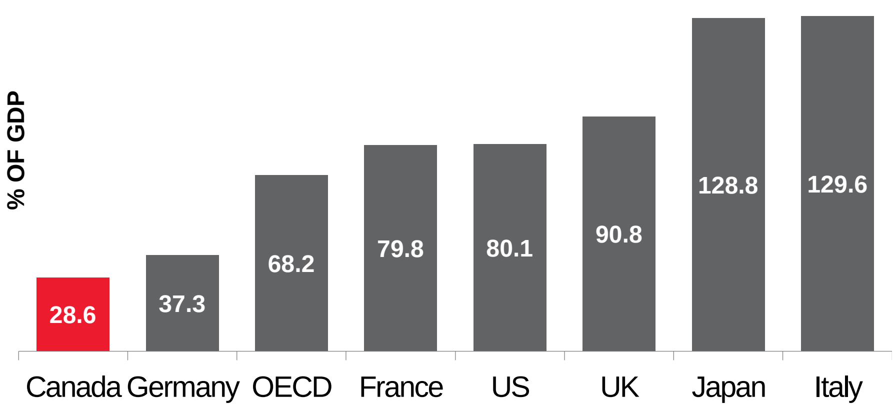


REAL GDP GROWTH



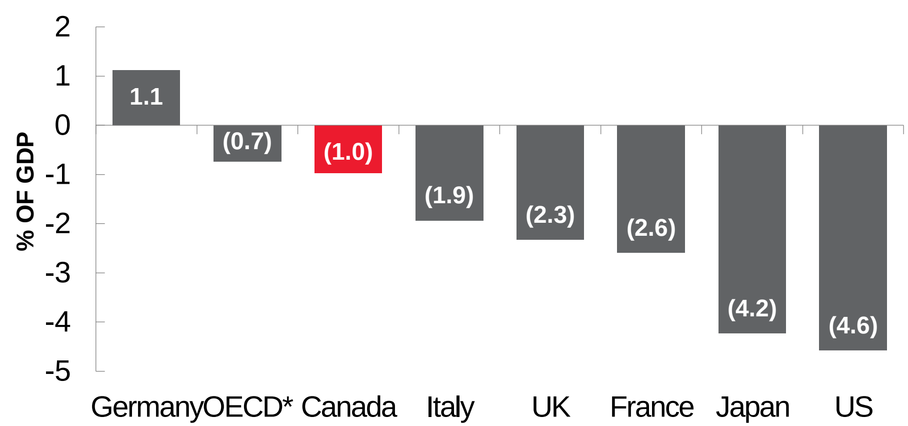
Sources: Scotiabank Economics, Haver Analytics, Statistics Canada.
Forecasts as of May 3, 2018.

GENERAL GOVERNMENT NET FINANCIAL LIABILITIES



Sources: Scotiabank Economics, OECD (2017 estimates). As of May 14, 2018.

GOVERNMENT FINANCIAL DEFICITS

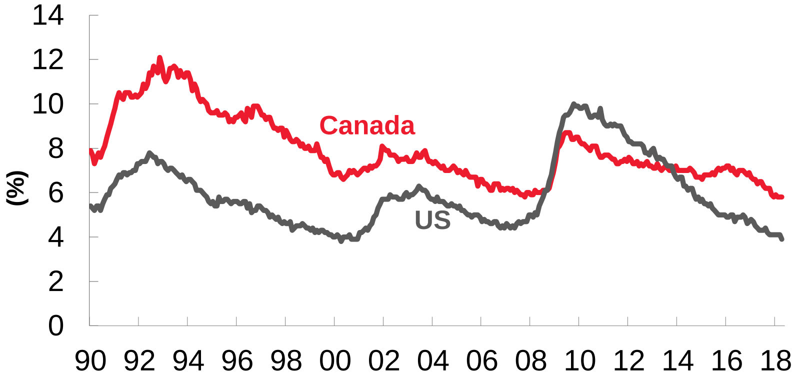


* Arithmetic mean of all OECD Financial Deficits as a % of GDP.
Sources: Scotiabank Economics, IMF (2017 estimates).
As of May 14, 2018.

STABLE ECONOMIC FUNDAMENTALS IN CANADA

Low unemployment rate supporting growth in Canadian Economy

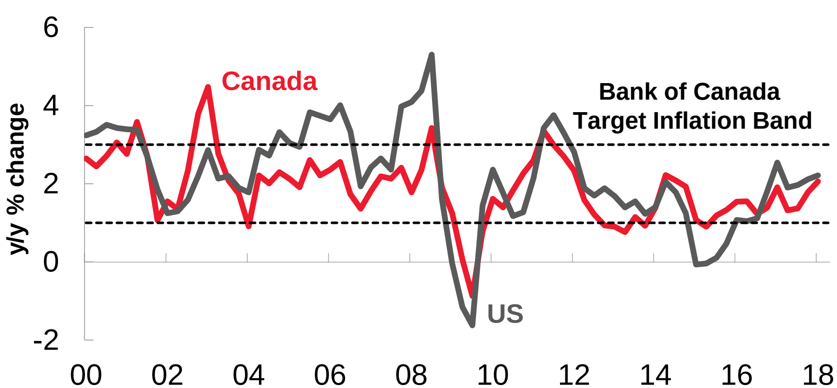
UNEMPLOYMENT RATE



Sources: Scotiabank Economics, Statistics Canada, BLS. Data through April 2018.

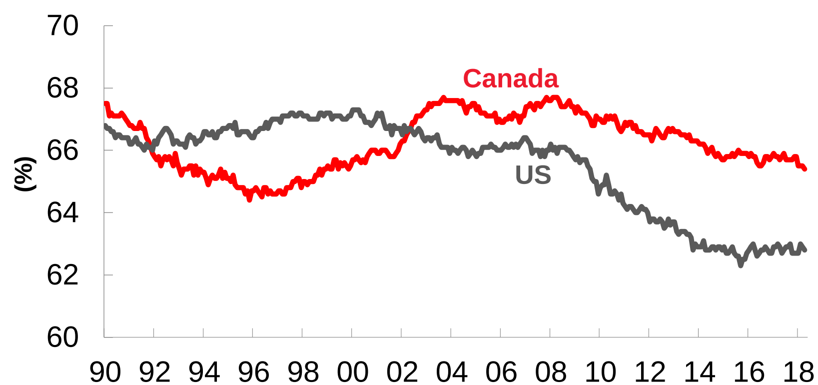
- **Strengthening economic growth and a gradual rebound in non-energy exports**
- **Household spending remains buoyant, underpinned by relatively low and stable unemployment, as well as low borrowing costs**
- **Population and labour force growth supported by strong immigration**
- **Stable inflation within Bank of Canada target band**

INFLATION



Sources: Scotiabank Economics, Statistics Canada, BLS. Data through March 2018.

LABOUR FORCE PARTICIPATION RATE



Sources: Scotiabank Economics, Statistics Canada, BLS. Data through April 2018.

NAFTA REVIEW AND CONSIDERATIONS

Scotiabank is operating in the right markets across the Pacific Alliance and committed to long-term growth

- **Impact on Pacific Alliance**
  - No material impact expected on Peru, Chile, or Colombia
  - Mexico is highly exposed to disruptions in NAFTA, but we do not expect any major negative changes in the trading relationship with the US
  - Scotiabank operations are diversified and Mexico accounts for roughly 5%+ of the Bank's overall results
    - Mexico's loan book is equally split between Retail/Commercial
    - Only 20% of the Commercial exposure is directly linked to the US/NAFTA

- **Viewpoint**
  - NAFTA came into effect in 1994. Much has changed since then in the global economy. Efforts to modernize elements of NAFTA in the areas of e-commerce, intellectual property, and professional labour mobility are welcome
  - Mexico has a strong manufacturing industry with 40 bilateral trade agreements with other countries
  - NAFTA has helped Mexico to advance on a number of meaningful structural reforms in sectors that include energy, telecommunications, and transportation, amongst others, that will support growth
  - Mexico invests heavily in education and produces more engineers each year than Germany

- **Scotiabank Economics Outlook**
  - Scotiabank's baseline macroeconomic scenario anticipates that agreement and ratification of a **new version of the pact is likely to be pushed into 2019**
  - **The ongoing NAFTA uncertainty could reduce Canadian and Mexican GDP growth by 0.1–0.2 percentage points in 2018,** resulting in a baseline growth forecast of 2.2% and 2.3%, respectively. US real GDP growth should not be materially dampened this year
  - **Growth risks are to the upside for Mexico and Canada if the NAFTA talks conclude on positive terms earlier than end-2018**

ECONOMIC OUTLOOK IN KEY MARKETS

Growth expected across the Pacific Alliance

2018 AND 2019 REAL GDP GROWTH FORECAST (%)

	Real GDP (Annual % Change)			
Country	**2000–16 Avg.**	**2017**	**2018F**	**2019F**
Mexico	2.2	2.0	2.3	2.8
Peru	5.1	2.5	3.3	3.7
Chile	4.0	1.5	3.6	3.9
Colombia	4.1	1.8	2.5	3.5
	2000–16 Avg.	**2017**	**2018F**	**2019F**
Canada	2.1	3.0	2.2	2.1
U.S.	1.9	2.3	2.6	2.4

Source: Scotiabank Economics. Forecasts as of May 3, 2018.

FOCUSED ON THE PACIFIC ALLIANCE

Attractive growth opportunity for the Bank

- **Pacific Alliance**
  - Identified as a key area of growth for the Bank
  - Reflects a trade bloc with a free trade agreements to liberalize commerce and improve integration among Mexico, Peru, Chile, and Colombia
  - The strategic purpose is to strengthen trade flows with Asia and to compete with Brazil and Argentina, which participate in Mercosur
  - The Pacific Alliance accounts for 36% of Latin America's GDP, comparable to Brazil
  - Canada has bilateral free-trade agreements with all four Pacific Alliance countries and it has initiated an application for Associate Membership in the Alliance

- **Pacific Alliance Presents an Attractive Long-Term Opportunity**
  - Altogether the 6th largest goods exporter in the world
  - Trade bloc with respective governments supporting growth/significant infrastructure spending
  - Strong GDP growth rates relative to peers
  - Considerable room to increase banking penetration (avg. domestic credit/GDP of 66%)
  - Fast-growing middle-class with increasing financial demands
  - Favourable demographics for banking needs (median age of 29 years old)
  - Relatively stable legal, tax, and regulatory infrastructure in place
  - Central bankers have earned credibility and banking system is well-capitalized

CARIBBEAN & CENTRAL AMERICA, AND ASIA

Strong contribution from efficient C&CA region and portfolio investments in Asia

- **Caribbean & Central America**
  - Well-established, diversified franchise that serves more than 15 million retail, corporate and commercial customers
  - Largest bank in the region, with significant presence in Jamaica, Trinidad & Tobago, Dominican Republic, Bahamas, Barbados, Puerto Rico, and 13 other countries
  - Industry expertise in infrastructure, power, automotive, fuel distribution, real estate, and hospitality
  - Mature market and remains very profitable for the Bank
  - Opportunity to optimize operations, improve customer profitability and reduce structural cost
  - Recognized by Euromoney for the Best Commercial Banking capabilities in the Caribbean and Bahamas (2017)
  - Recognized by Global Finance Magazine for the "Best Bank Award 2017" in the Bahamas, Barbados, Costa Rica, Turks & Caicos and U.S. Virgin Islands; the "World's Best Consumer Digital Bank 2017" in 24 countries across Latin America and the Caribbean; and the "Best in Mobile Banking" in the region

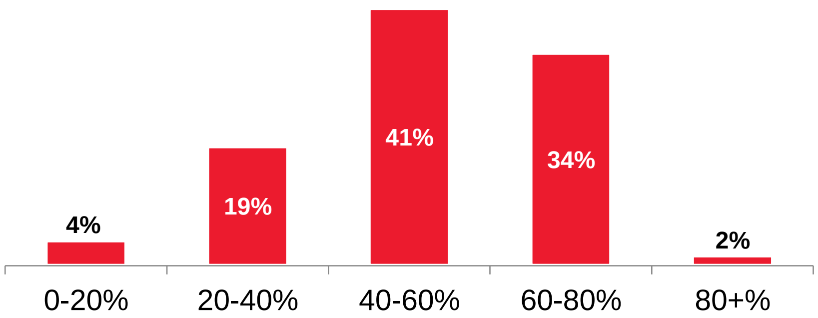
- **Asia**
  - Strategic portfolio investments in Asia-Pacific
  - Thailand (49%) – Invested in Thanachart Bank in 2007
    - $2.8 billion carrying value as of January 31, 2018
    - $508 million of net income for twelve months ended October 31, 2017
  - China (19.9%) – Invested in Bank of Xi'an in 2009
    - $727 million carrying value as of January 31, 2018
    - $411 million of net income for twelve months ended October 31, 2017

Appendix 3

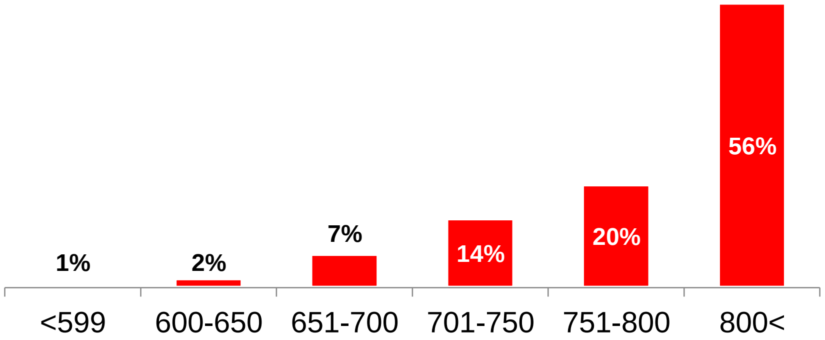
Covered Bonds

PORTFOLIO DETAILS: SCOTIABANK GLOBAL REGISTERED COVERED BOND PROGRAM[1]

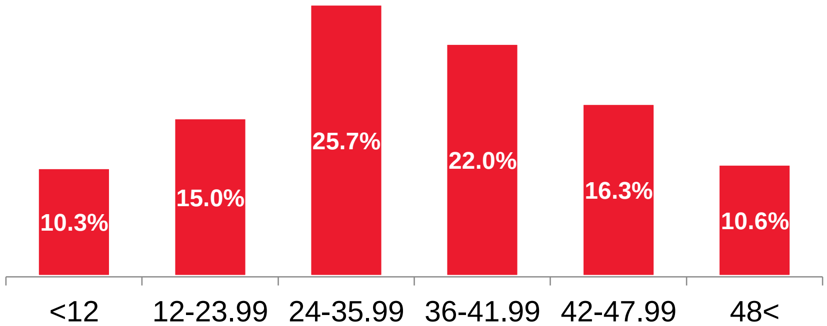
LOAN-TO-VALUE RATIOS[2]



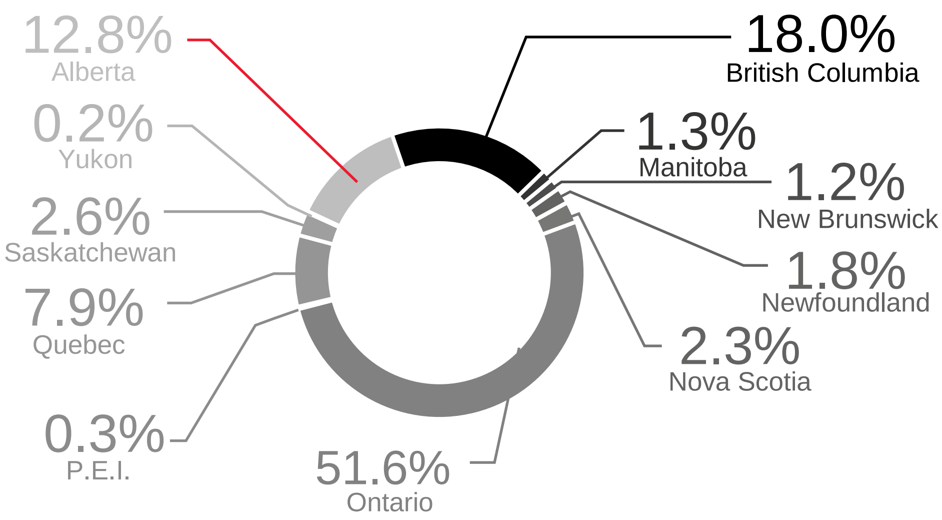
CREDIT SCORES



REMAINING TERM DISTRIBUTION (MONTHS)



PROVINCIAL DISTRIBUTION



[1] As at April 30, 2018

[2] Uses indexation methodology as outlined in Footnote 1 of the Scotiabank Global Registered Covered Bond Monthly Investor Report

SCOTIABANK GLOBAL REGISTERED COVERED BOND PROGRAM

CAD $36 billion global covered bond program

- **Active in multiple currencies: USD, EUR, GBP and AUD**
- **Extensive regulatory oversight and pool audit requirements**
- **Mandatory property value indexation**
- **Established high level of safeguards and disclosure requirements**
- **Program carries the ECBC Covered Bond Label**

Issuer	The Bank of Nova Scotia
Guarantor	Scotiabank Covered Bond Guarantor Limited Partnership
Guarantee	Payments of interest and principal in respect of the covered bonds are irrevocably guaranteed by the Guarantor. The obligations under the Covered Bond Guarantee constitute direct obligations of the Issuer and are secured by the assets of the Guarantor, including the Portfolio.
Status	The covered bonds will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and will rank pari passu with all deposit liabilities of the Bank without any preference among themselves and at least pari passu with all other unsubordinated and unsecured obligations of the Bank, present and future.
Program Size	CAD $36 billion
Ratings	Aaa / AAA / AAA (Moody's / Fitch / DBRS)
Cover Pool	First lien uninsured Canadian residential mortgage loans with LTV limit of 80%
Asset Percentage	92% (8.7% minimum overcollateralization)
Law	Ontario, Canada
Issuance Format	144A / Reg S (UKLA Listed)

DETAILS: CANADIAN LEGISLATIVE COVERED BONDS (CMHC REGISTERED)

Issuance Framework	• Canadian Registered Covered Bond Programs' Legal Framework (Canadian National Housing Act) • Canadian Registered Covered Bond Programs Guide issued by Canada Mortgage and Housing Corporation (CMHC)
Eligible Assets	• Uninsured loans secured by residential property in Canada
Mortgage LTV Limits	• LTV limit of 80%
Basis for Valuation of Mortgage Collateral	• Starting in July 2014, issuers are required to index the value of the property underlying mortgage loans in the covered pool while performing various tests
Substitute Assets	• Securities issued by the Government of Canada • Repos of Government of Canada securities having terms acceptable to CMHC
Substitute Assets Limitation	• 10% of the aggregate value of (a) the loans (b) any Substitute Assets and (c) all cash held by the Guarantor
Cash Restriction	• The cash assets of the Guarantor cannot exceed the Guarantor's payment obligations for the immediately succeeding six months
Coverage Test	• Asset coverage Test • Amortization Test
Credit Enhancement	• Overcollateralization • Reserve Fund • Prematurity Liquidity
Swaps	• Covered bond swap, forward starting • Interest rate swap, forward starting
Market Risk Reporting	• Valuation calculation • Mandatory property value indexation
Covered Bond Supervisory Body	• CMHC
Requirement to Register Issuer and Program	• Yes; prior to first issuance of the covered bond program
Registry	• Yes
Disclosure Requirements	• Monthly investor report with prescribed disclosure requirements set out by CMHC • Investor reports must be posted on the program website • Required to meet applicable disclosure requirements in Canada, the U.S. and UK

Appendix 4

Corporate Social Responsibility

CORPORATE SOCIAL RESPONSIBILITY

OUR BELIEF We believe every customer has the right to become better off. Through our CSR commitments we aim to create value for both society and Scotiabank, building a better future.

FINANCIAL KNOWLEDGE
ACCESS TO FINANCE

660,000 Canadian students participated in Talk With Your Kids About Money day in 2017

More than **$5 BILLION** in microlending globally in 2017

DIVERSITY AND INCLUSION

33% women in leadership positions (VP+) in 2017

INVESTING IN YOUNG PEOPLE

$80 MILLION in donations globally in 2017 to support the communities we operate in

RESPONSIBLE FINANCING
CLIMATE CHANGE

$4.7 BILLION in calculated authorized exposure to the renewable energy sector globally in 2017

Greenhouse gas reduction target: **10% GLOBALLY BY 2021** based on 2016 levels

MAINTAINING TRUST

We received feedback from over **2 MILLION** customers in 2017 from "The Pulse" – our customer experience management system

MEMBERSHIPS & ASSOCIATIONS

- United Nations Global Compact
- CDP – Driving Sustainable Economies
- TCFD – Task Force on Climate-Related Financial Disclosures
- Equator Principles
- CPLC – Carbon Pricing Leadership Coalition
- UNEP Finance Initiative
- Euronext Vigeo Eiris Indices World 120

CONTACT INFORMATION

INVESTOR RELATIONS

Adam Borgatti
Vice President
416-866-5042
adam.borgatti@scotiabank.com

Lemar Persaud
Director
416-866-6124
lemar.persaud@scotiabank.com

Judy Lai
Director
416-775-0485
judy.lai@scotiabank.com

FUNDING

Andrew Branion
Executive Vice President & Group Treasurer
416-933-7458
andrew.branion@scotiabank.com

Dave Tersigni
Managing Director, Senior Funding
416-863-7080
dave.tersigni@scotiabank.com

Michael Lomas
Managing Director, Treasury Sales and Market Development
416-866-5734
michael.lomas@scotiabank.com

Christy Bunker
Managing Director, Alternate Funding
416-933-7974
christy.bunker@scotiabank.com

For further information, please contact: www.scotiabank.com/investorrelations